

Commerce and Trade

Proposed Adjustments as Introduced				
(\$ in millions)				
	FY 2017 Proposed		FY 2018 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2016-18 Base Budget, Ch. 665	\$197.0	\$894.9	\$197.0	\$894.9
Proposed Increases	76.1	7.7	93.4	7.1
Proposed Decreases	(20.6)	(174.2)	(31.5)	(173.4)
\$ Net Change	55.5	(166.5)	62.0	(166.2)
HB/SB 30, as Introduced	\$252.6	\$728.4	\$259.0	\$728.7
% Change	28.2%	(18.6%)	31.5%	(18.6%)
FTEs	377.34	1,311.66	377.34	1,311.66
# Change	14.0	(8.50)	14.00	(8.50)

- **Economic Development Incentive Payments (EDIP)**

- *Incentive Payments Holding Account.* Provides \$99.1 million GF and \$150,000 NGF in FY 2017, and \$92.2 million GF and \$950,000 NGF in FY 2018 for economic development programs. The following programs are included in this account:
 - *Commonwealth's Development Opportunity Fund.* Proposes \$20.8 million GF each year for grants or loans to localities to assist in the creation of new jobs and investment in accordance with criteria established by the *Code of Virginia*. This amount represents level funding of the program compared to the FY 2016 appropriation.
 - *Virginia Investment Partnership Grants.* Proposes \$3.7 million GF the first year and \$5.3 million GF the second year for the Virginia Investment Partnership Grant Program. The payments are based on negotiated grants awarded to select projects that invest in Virginia and promote stable or growing employment opportunities. The selected companies must meet the investment and job creation criteria prior to receipt of funding, thus the proposed appropriation is based on fulfilled performance agreements.

- ***Major Eligible Employer Performance Grants.*** Provides \$1.8 million GF each year for performance-based grants due to major employers who have met investment and job creation requirements. This appropriation represents a decrease of \$5.0 million each year compared to the 2014-16 biennium based on commitments made in previous years.
- ***Governor's Motion Picture Opportunity Fund.*** Recommends \$3.0 million GF the first year and \$3.0 million GF the second year, and \$150,000 NGF each year to attract film industry production activity to the Commonwealth. The general fund amount reflects an increase of \$600,000 in each fiscal year compared to the FY 2015-16 appropriation. The nongeneral fund totals represent a decrease of \$100,000 in each fiscal year of the biennium to better reflect anticipated revenue from the the digital media fee, a surcharge on in-room video services at hotels and motels.
- ***Aerospace Engine Facility Incentive Payments.*** Provides \$8.9 million GF in the first year and \$3.7 million GF in in the second year to fund the anticipated payments required in the *Code of Virginia* for the Rolls-Royce aeroengine facility in Prince George County.
- ***Virginia Economic Development Incentive Grant (VEDIG) Program.*** Provides \$4.2 million GF the first year and \$4.4 million GF the second year for payments due to companies that have met investment and job creation criteria required by VEDIG performance agreements.
- ***Advanced Shipbuilding Training Facility Grant.*** Provides \$7.2 million GF the first year for the final scheduled grant payment pursuant to a memorandum of understanding between the Commonwealth, Huntington Ingalls, Inc. and the Newport News Industrial Development Authority for the construction of a new apprenticeship training school.
- ***Pulp, Paper, and Fertilizer Advanced Manufacturing Performance Grant Program Fund.*** Proposes \$2.0 million GF the first year and \$3.0 million GF the second year to be used for performance grants to a qualified entity in accordance with provisions stipulated in the *Code of Virginia*. The qualified entity must meet certain requirements for captial investment, new full-time jobs, and other criteria set forth in a memorandum of understanding with the Commonwealth.
- ***Commonwealth Research Commercialization Fund.*** Provides \$2.8 million GF each year for research and commercialization of emerging technologies. Out of this amount, \$1.5 million funds the Small Business Innovation

Research Matching Fund Program. This appropriation represents level funding of the programs compared to the 2014-16 biennium.

- ***Life Sciences Consortium.*** Proposes \$7.5 million GF the first year and \$10.0 million GF the second year for the Virginia Biosciences Health Research Corporation (VBHRC), a non-stock corporation research consortium that contracts with private entities, foundations and other government sources for research in the biosciences. Up to \$2.5 million the first year and \$5.0 million the second year may be used to develop or maintain investments in research infrastructure tools to facilitate bioscience research, and up to \$500,000 each year may be used for administrative expenses. Total proposed funding for the biennium is \$12.5 million greater than the FY 2015-16 appropriation.
- ***Virginia-Israel Advisory Board.*** Provides continued funding for the Virginia-Israel Advisory Board, an agency that serves as a facilitator for Israeli companies interested in locating or expanding in Virginia. The proposed funding levels of \$209,859 GF the first year and \$209,868 GF the second year are materially unchanged compared to FY 2016.
- ***Tourism Grant.*** Proposes \$500,000 GF each year of the biennium to fund grants or loans to political subdivisions or businesses for the purpose of expanding or attracting new tourism and hospitality projects in the Commonwealth. Funds are to be disbursed through the Virginia Tourism Authority based on criteria approved by the Governor. Proposed funding is equal to the FY 2016 appropriation.
- ***New Spending for Marketing and Trade Missions.*** Provides \$1.0 million GF each year to the Virginia Economic Development Partnership for additional domestic and international marketing and trade missions.
- ***New Spending to Incentivize Biotechnology Spinoff Companies.*** Proposes \$30.0 million GF each year to fund a new collaborative effort to develop biotechnology spinoff companies. Funding is to be on a competitive grant basis. Proposals are to be vetted by the Virginia Biosciences Health Research Corporation (VBHRC) to evaluate merit, and reviewed by the Major Employment and Investment (MEI) Project Approval Commission.

- **Board of Accountancy**

- ***New Systems Analyst Position.*** Authorizes 1 additional nongeneral fund position and increases the NGF appropriation by \$146,282 each year to support hiring a systems analyst and additional IT support.

- ***Update Software System.*** Provides \$500,000 NGF each year for costs associated with updating online licensing software.

- **Department of Housing and Community Development**

- ***Increase Support for Housing Trust Fund.*** Provides an additional \$6.0 million GF each year of the biennium, bringing the total appropriation to \$10.0 million GF each year. New language prioritizes efforts to reduce the number of homeless youth and families.
- ***Establish Virginia Telecommunications Initiative.*** Proposes \$2.8 million GF each year to establish the Virginia Telecommunications Initiative with the purpose of enhancing broadband infrastructure in the Commonwealth. Of the total funding proposed, \$250,000 each year is to be used for broadband planning and \$2.5 million each year is for broadband implementation efforts. The provision also includes 1 position and \$83,647 each year to administer the program.
- ***Establish Healthy Food Financing Program.*** Proposes \$5.0 million GF each year to establish a food retailer financing program. Funding is to be used by the department to engage in public-private partnerships for the purpose of encouraging development of supermarkets and other healthier food retailers in underserved communities.
- ***Establish the GO Virginia Initiative.*** Provides \$5.7 million GF the first year and \$20.2 million GF the second year to establish a new initiative to foster job growth by encouraging regional collaboration among business, education and government. Two positions and \$225,000 GF each year is provided for administration. The remainder of the appropriation is to be deposited into the Virginia Growth and Opportunity Fund and distributed as follows:
 - \$5.5 million GF each year to be allocated to qualifying regions to support organizational and capacity building activities and workforce gap analyses.
 - \$6.2 million GF the second year to be allocated to qualifying regions based on each region's share of the state population.
 - \$8.3 million GF the second year to be awarded to regional councils on a competitive basis.

Note: Additional proposed funding of \$12.9 million GF the second year is allocated to the Virginia Growth and Opportunity Fund from Central Appropriations pursuant to Item 477.

- ***Increase Support for Southwest Virginia Cultural Heritage Foundation.*** Provides \$875,000 GF both years for operation of the Heartwood Artisan Center. This is an increase of \$400,000 over the FY 2016 appropriation. The foundation is required to report to the Governor and Chairmen of House Appropriations and Senate Finance by September 1st each year on progress for the center to become self-sufficient.
- ***City of Bristol Economic Development Project.*** Proposes \$500,000 GF the first year for the Birthplace of County Music Museum. Requested funding will be used to complete construction of the museum facility, including consolidating administrative offices and providing additional exhibit and educational space. These funds match funding provided by the state of Tennessee for the project.
- ***Support for the Town of Farmville.*** Provides \$132,400 GF the first year to the Town of Farmville to support the vice presidential debate to be hosted at Longwood University. Funding will be used primarily to cover the cost of police overtime, additional police vehicles, street barricades, traffic cones and other public safety equipment.
- ***Remove Federal Appropriation.*** Removes \$172.3 million NGF each year of the biennium for a federal appropriation related to the administration of the Virginia contract for Project-Based Section 8 Housing Assistance payments. Implementation of the contract has been postponed due to delays at the federal level.

- **Department of Labor and Industry**

- ***Transfer of Apprenticeship-Related Instruction.*** Provides \$940,000 GF each year to reflect the transfer of apprenticeship-related instruction from the Virginia Community College System to the Department of Labor and Industry (DOLI) in accordance with Chapters 63 and 86 of the 2015 Acts of Assembly. Consolidating administration of the registered apprenticeship program under a single agency results in savings of \$400,000. Executive Order 49, issued October 6, 2015, recognizes this savings and directs DOLI to initiate a program to provide fiscal incentives to private sector employers and state agencies in order to expand enrollment in the program.
- ***Increase Compliance Personnel.*** Adds \$440,173 GF each year to fill vacant positions in the agency’s Labor and Employment Division and its Virginia Occupational Safety and Health Program.

- **Department of Mines, Minerals and Energy**
 - *Energy Efficiency and Renewable Energy Initiatives.* Provides \$215,000 GF and 2 positions each year of the biennium to develop and expand energy efficiency and renewable energy activities within the agency. One position will support the Virginia Solar Energy Development Authority as well as general support for the agency.
 - *Mining Inspector Positions.* Proposes \$200,000 GF and \$200,000 NGF each year to match an available federal grant which will enable the agency to hire additional mining inspectors.
 - *Statewide Performance Contracting.* Proposes \$375,000 GF and 1 position each year to expand the use of performance contracting. Includes funding to develop systems to analyze and track potential energy efficiency upgrades.
 - *Support for Solar Energy Projects.* Proposes \$1.0 million GF each year to enable the development of a program for incentivizing the installation of solar panels by utilities and other third party developers.
 - *Division of Geology and Mineral Resources.* Provides \$201,873 GF each year to retain geologists currently supported by an expiring federal grant. Nongeneral funds are reduced by \$168,227 the first year and \$201,873 the second year.
 - *Biofuels Production Fund Moved from EDIP.* The Biofuels Production Fund is moved from Economic Development Incentive Payments (EDIP) to the Department of Mines, Minerals and Energy. Language expands grant eligibility.
- **Virginia Economic Development Partnership**
 - *Increase Support for Virginia Jobs Investment Program.* Proposes an additional \$466,000 each year to expand the VJIP program and rebrand it as Virginia TalentLink. The recommended appropriation includes funding for the development of a talent supply/labor market database, 3 new positions, additional information technology systems, and IT support.
 - *Additional Funding for Economic Development.* Provides an additional \$8.7 million GF each year of the biennium for economic development and international trade programs. Language in the proposed budget does not specify how the additional funding is to be used. VEDP intends to allocate new funding as follows:
 - *International Business Attraction.* Includes \$1.4 million GF each year to expand international marketing efforts. Includes paid media marketing and

\$900,000 for a new offices in South Korea and Canada, an additional office in China, and additional representation in Europe.

- **Business Expansion.** Provides \$323,700 GF each year for program support, including two additional staff whose focus will be to work with existing businesses, local and regional economic developers, and other partners to encourage existing Virginia business to expand operations in the Commonwealth.
- **International Trade and Export Programs.** Proposes \$3.7 million GF each year to expand international trade and export programs. Included in the total is funding for the VITAL and STEP programs, \$1.5 million in each year to continue the Going Global Defense Initiative and \$400,000 in each year to double support for companies participating in the VALET program from \$7,500 to \$15,000 each. Also included is an additional \$250,000 in each year for international trade shows.
- **Domestic Business Attraction.** Provides an additional \$3.3 million GF each year for domestic business attraction, including paid media marketing, trade shows, and three additional staff.

Virginia Economic Development Partnership		
Proposed New Spending		
	<u>FY 2017</u>	<u>FY 2018</u>
VJIP		
Positions	3	3
Program Support (includes staffing)	\$466,000	\$466,000
Economic Development and International Trade Programs		
Positions	6	6
Program Support (includes staffing)	\$4,053,700	\$4,053,700
Paid Media Marketing	3,000,000	3,000,000
Trade Shows	716,000	716,000
IT Support	25,000	25,000
Expand International Offices	<u>900,000</u>	<u>900,000</u>
Subtotal	\$8,694,700	\$8,694,700
Total Positions	9	9
Total New Spending	\$9,160,700	\$9,160,700

- *Virginia Nutrient Credit Exchange.* Authorizes VEDP to use up to \$250,000 of appropriated funding for research and other costs associated with the development of a long-term allocation mechanism within the Virginia Nutrient Credit Exchange.
- *Technical Adjustments.* Removes \$835,691 GF each year of the biennium, the net effect of distributed agency savings, removal of one-time funding for a national security research initiative, and various other technical adjustments.
- **Virginia Tourism Authority**
 - *Increase Advertising and Marketing Funds.* Proposes an increase of \$2.0 million GF each year to expand research capabilities, content generation, and tourism marketing.
 - *Asian Market Tourism Promotion.* Provides \$450,000 GF the first year for the final payment of a multi-year agreement for an Asian market tourism promotion campaign designed to promote travel from China to Virginia. The funding amount represents an increase of \$50,000 over the FY 2016 appropriation.