

Commerce and Trade

Adopted Amendments				
(\$ in millions)				
	FY 2017 Adopted		FY 2018 Adopted	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2016-18 Current Budget (Chapter 780, 2016 Session)	\$203.8	\$728.4	\$217.3	\$728.7
Increases	0.0	0.0	7.1	32.8
Decreases	<u>(15.6)</u>	<u>(0.0)</u>	<u>(18.7)</u>	<u>(0.0)</u>
\$ Net Change	(15.6)	0.0	(11.6)	32.8
Chapter 836 (HB 1500, as Adopted)	\$188.2	\$728.4	\$205.6	\$761.4
% Change	(7.6%)	0.0%	(5.4%)	4.5%
Central Account Reversions	(\$2.9)	\$0.0	(\$6.6)	\$0.0
% Change	(2.1%)	0.0%	(3.0%)	0.0%
FTEs	369.34	1,307.66	368.34	1,307.66
# Change	(9.0)	(4.0)	(10.00)	(4.0)

- **Office of the Secretary of Commerce and Trade**

- *Reverse Funding for CEO of International Trade Corporation.* Removes \$100,000 GF and one position the first year and \$150,000 GF and one position the second year. Funding was intended to support the appointment of a CEO for the Virginia International Trade Corporation. However, creation of the new state agency has been postponed, and no CEO will be appointed in the current biennium.

- **Economic Development Incentive Payments**

- *Commonwealth's Development Opportunity Fund Grants.* Reduces funding \$1.0 million GF the second year, from \$20.8 million to \$19.8 million.
- *Virginia Investment Partnership Grants.* Reduces funding by \$0.9 million GF the first year and \$3.1 million GF the second year to align with anticipated grant

payments. The payments are based on negotiated grants awarded to select projects that invest in Virginia and meet specified job creation and capital investment targets.

- ***Aerospace Engine Facility Incentive Payments.*** Includes reductions of \$8.5 million GF the first year and \$3.7 million GF the second year. The reduction recognizes that the company will not reach certain performance milestones to qualify for the full amount of previously planned grant payments. \$12.7 million NGF is appropriated in FY 2018 to fund anticipated grant payments based on expected job creation and investment totals, having been previously appropriated from the general fund.
- ***Transfer Balances to General Fund.*** Item 3-1.01 transfers to the general fund excess cash balances of \$2.5 million in the Aerospace Engine Manufacturing Supplier Cluster Grant Fund.
- ***Virginia Economic Development Incentive Grant (VEDIG) Program.*** Reduces funding by \$2.8 million GF in FY 2018 based on a revised payment schedule. Grants are awarded to companies that have met investment and job creation criteria required by VEDIG performance agreements. Language authorizes the Governor to award additional grants up to \$4.0 million in aggregate beginning on July 1, 2017, but before June 30, 2018, to eligible companies.
- ***Pulp, Paper, and Fertilizer Advanced Manufacturing Performance Grant Program Fund.*** Includes a reduction of \$3.0 million GF the second year. The previously planned FY 2017 grant payment is also delayed to FY 2018 in expectation that the qualified company will meet performance targets a year later than originally planned.
- ***Virginia Biosciences Health Research Corporation.*** Reduces FY 2018 funding by \$1.25 million GF, leaving \$2.5 million GF the first year and \$3.75 million GF the second year. Funding is used for grants to eligible projects and to develop a statewide clinical trials network focusing on brain science.
- ***Eliminate Tourism Growth Fund.*** Removes funding of \$500,000 GF the second year for the Virginia Tourism Growth Fund, a grant program administered by the Virginia Tourism Corporation designed to support medium-sized tourism development projects.
- ***Advanced Shipbuilding Production Facility Grant.*** Includes \$6.0 million GF in FY 2018 to fund an economic development incentive grant program pursuant to Chapter 723 of the 2016 Acts of Assembly. The grant program incentivizes the construction and operation of a new facility related to the production of a class of nuclear warships for the United States Navy.

- **Department of Housing and Community Development**
 - *Nongeneral Fund Appropriation for Resiliency Grant.* Provides a nongeneral fund appropriation of \$15.0 million in FY 2018 to offset expenditures related to Virginia’s \$120.5 million federal grant award from the National Disaster Resilience Competition. The grant award will support investments to protect communities in the Hampton Roads region from the effects of recurrent flooding.
 - *Housing Strategies for Mental Illness.* Language directs the Department of Housing and Community Development to develop and implement strategies for housing individuals with serious mental illness in collaboration with other agencies, including the Virginia Housing Development Authority, the Department of Behavioral Health and Developmental Services, the Department of Aging and Rehabilitative Services, the Department of Medical Assistance Services, and the Department of Social Services.
 - *Central Account Reductions.* Item 475.10 reflects general fund reductions of \$2.9 million the first year and \$6.6 million the second year. Includes the following reductions:
 - \$119,271 GF the first year for reduced dues assessment for the Appalachian Regional Commission.
 - \$250,000 GF each year for the Virginia Telecommunications Initiative.
 - \$500,000 GF the second year for the Virginia Derelict Structures Fund (also known as the Industrial Revitalization Fund).
 - \$600,000 GF the first year and \$325,797 GF the second year for the Center for Advanced Engineering and Research resulting from the elimination of federal funding.
 - \$1.9 million GF the first year and \$5.6 million the second year for the Virginia Growth and Opportunity Fund.
 - *GO Virginia Grant Allocations.* Item 475.10 provides grant allocations from the Virginia Growth and Opportunity Fund as follows:
 - Capacity building grants total \$3.6 million in FY 2017, or \$400,000 for each of the nine regions; and \$2.25 million in FY 2018, or \$250,000 for each region. Language exempts these grants from the local match requirement in the first year and provides that any unused organizational and capacity building funding may be retained by a region and used to support regional projects.

- Per capita regional grant funding is reduced in the second year from \$12.2 million to \$10.9 million GF.
 - Competitive grant funding is reduced in the second year from \$14.3 million to \$11.3 million GF.
- ***Repeal GO Virginia Enactment Provisions.*** Enactments in the General Provisions section repeal the requirements for the General Assembly to authorize grants via subsequent enactments, and provide that the creation of the Virginia Growth and Opportunity Foundation satisfies the requirement for an affiliated supporting entity set forth in GO Virginia’s enabling legislation, Chapters 778 and 779 of the 2016 Acts of Assembly.
- ***Reduce Support for Enterprise Zone Program.*** Reduces funding for Enterprise Zone Real Property and Job Creation Grants by \$500,000 the first year from \$13.2 million to \$12.7 million GF, and by \$335,533 the second year from \$13.2 million to \$12.8 million.
- **Department of Labor and Industry**
 - ***Delay Implementation of Apprenticeship Program.*** Reduces funding from \$400,000 to \$200,000 GF in FY 2017 and delays full implementation of the program which provides incentives to private sector employers and state agencies in order to expand enrollment in the Registered Apprenticeship Program.
 - ***Increase Personnel in Occupational Safety Programs.*** Adds new spending of \$650,000 GF and six positions the second year. Three positions are in the Virginia Voluntary Protection Program (VPP), and three positions are in Consultation Services. Spending for these positions is expected to be offset by higher revenues from federally mandated increases in civil penalties for occupational safety violations.
 - ***Personnel and Rent Savings.*** Includes reductions of \$31,325 in FY 2017, attributable to one-time rent savings, and \$119,766 GF in FY 2018 from personnel savings.
- **Department of Mines, Minerals and Energy**
 - ***Miscellaneous Savings.*** Includes reductions of \$216,110 GF the first year and \$474,256 GF the second year. The reductions are a combination of personnel savings from eliminating open positions, the supplanting of general fund spending with nongeneral funds, and other reductions in discretionary spending.
 - ***Transfer of Balance in Biofuels Production Fund.*** The remaining nongeneral fund cash balance of \$723,914 is transferred to the general fund in FY 2018. The program is repealed effective July 1, 2017, and no additional awards are expected.

- **Department of Small Business and Supplier Diversity**
 - *Personnel Savings.* Includes a reduction of \$127,209 GF the first year and \$160,000 GF the second year from eliminating one vacant procurement and office support position and one position in the Department’s Business Information Center.
 - *Funding for Small Business Investment Grant Fund.* Reduces funding from \$1.0 million to \$950,000 GF the first year and from \$1.0 million to \$819,753 GF the second year.
 - *Nongeneral Funds Used for Small Business Jobs Grant Fund.* Removes \$629,981 GF in each year, and appropriates \$598,481 NGF in FY 2017 and \$500,000 NGF in FY 2018 to meet anticipated grant commitments.
 - *Transfer Balances to General Fund.* Item 3-1.01 transfers to the general fund excess cash balances of \$640,000 in the Small Business Investment Grant Fund and \$960,000 in the Small Business Jobs Grant Fund.
 - *Authorized Positions.* Reduces the number of authorized positions to better align with funding levels. Eight general fund positions are removed and four nongeneral fund positions are removed.
 - *Extend SWaM Certification Period.* Language extends the period of certification for small, women-owned, or minority-owned (SWaM) businesses from three years to five years beginning with certifications issued in FY 2018.
- **Fort Monroe Authority**
 - *Reduce Discretionary Spending.* Includes a reduction of \$215,720 GF the first year and \$323,581 GF the second year attributable to deferred equipment purchases, repairs and maintenance; and reduced spending on contractors and seasonal labor.
- **Virginia Economic Development Partnership (VEDP)**
 - *Reporting Requirements.* As a condition of full funding, VEDP must provide its strategic, marketing and operational plans to the Joint Legislative Audit and Review Commission (JLARC) Special Subcommittee for Economic Development by December 1, 2017. The Comptroller is authorized to withhold \$1.5 million the second year until notified by the Chairmen of the House Appropriations and the Senate Finance Committees that VEDP has complied. This action and related legislation address recommendations identified by JLARC’s management and accountability review of VEDP.

- ***Decrease Support for Business Ready Sites Program.*** Reduces general fund support in the second year by \$687,500. Remaining funding totals \$750,000 GF in FY 2017 and \$562,500 GF in FY 2018.
- ***Decrease Support for Virginia Jobs Investment Program.*** Eliminates one vacant position for a savings of \$100,000 GF in FY 2018.
- ***Reduce Support for CCAM.*** Reduces support for the Commonwealth Center for Advanced Manufacturing in the second year from \$1.0 million to \$925,000 GF.
- ***Eliminate India Representative.*** Removes \$60,000 GF the second year and discontinues the lead generation contract with the representative in India.
- ***Decrease Discretionary Spending.*** Removes \$199,000 GF in FY 2018 for miscellaneous discretionary spending, including sponsorship of marketing and other economic development events.
- ***Going Global Defense Initiative.*** In FY 2017, removes \$750,000 GF from the Going Global Defense Initiative (GGDI) and replaces funding with federal grant funds. In FY 2018, GGDI is reduced an additional \$75,000 GF.
- ***State Trade and Export Promotion (STEP) Program.*** In FY 2017, removes \$359,461 GF from the STEP program and replaces funding with federal grant funds. In FY 2018, STEP is reduced an additional \$25,000 GF.
- ***Virginia International Trade Alliance (VITAL) Program.*** Reduces funding from \$1.0 million to \$950,000 GF in FY 2018. VITAL is a collaborative program with Virginia colleges, trade associations and the Chamber of Commerce to assist Virginia companies in increasing exports.
- ***Virginia Leaders in Export (VALET) Program.*** Funding is reduced \$20,000 GF in FY 2018.
- ***International Trade Shows.*** Support for international trade shows is reduced \$25,000 GF in FY 2018.

- **Virginia Tourism Authority**

- ***Decrease Advertising and Marketing Funds.*** Includes reductions to marketing and advertising, including implementation of the “Vision Strategy,” totaling \$500,000 GF the first year and \$1.3 million GF the second year.
- ***Reduce Funding for Sponsorships.*** Removes \$211,039 GF in FY 2017 and \$237,225 in FY 2018 for sponsorship activities.

- ***Regional Tourism Grants.*** Removes \$250,000 GF support for the City of Portsmouth in FY 2018 to benefit the Virginia Sports Hall of Fame and Museum and instead provides \$125,000 GF for the City of Virginia Beach for the same purpose.
- ***Promote Travel from India.*** Includes \$400,000 GF the second year for the first payment of a three-year agreement with Air India to establish nonstop air service between Indira Gandhi International Airport and Washington Dulles International Airport.