



Report of the Subcommittee on
Economic Development and
Natural Resources

Senate Finance Committee
Virginia General Assembly

February 3, 2019



SENATE OF VIRGINIA

Senate Finance Committee

**2019 Report of the Economic Development and
Natural Resources Subcommittee
The Honorable Frank M. Ruff, Jr., Chairman
February 3, 2019**

Chairman Hanger, Chairman Norment and Members of the Committee:

Your Subcommittee has reviewed the Governor's proposed budget amendments for the Secretariats of Agriculture & Forestry, Commerce & Trade, and Natural Resources. We recommend maintaining targeted investments in broadband and continuing our commitment to environmental stewardship, while making fiscally responsible reallocations where prudent.

The Subcommittee proposes a \$15.0 million increase for broadband in fiscal year 2020, making the total \$19.0 million. This will significantly accelerate investment in broadband infrastructure in rural and unserved areas. In addition, we recommend increasing by \$2.0 million, our investment in developing business-ready sites and buildings. We further propose an investment of \$1.0 million to encourage the deployment of solar equipment in economic revitalization areas. The Subcommittee believes these investments will quickly pay off by attracting more high-paying jobs and capital investment throughout the Commonwealth. In addition, the Subcommittee incorporates the investment for Micron by proposing an appropriation to the Semiconductor Manufacturing Grant Fund of \$50.0 million in FY 2020.

In the area of Natural Resources we embrace the deposit of \$73.8 million to the Water Quality Improvement Fund in order to maintain our shared commitment to improving the health of the Chesapeake Bay and Virginia's southern rivers through responsible investments in agricultural best management practices.

We hope it will be the pleasure of the Committee to adopt our amendments.

Respectfully Submitted,

The Honorable Frank M. Ruff, Jr., Chairman

The Honorable Richard L. Saslaw

The Honorable Emmett W. Hanger, Jr.

The Honorable Frank W. Wagner

The Honorable Mark D. Obenshain

The Honorable Richard H. Stuart

The Honorable Rosalyn R. Dance

Report of the Subcommittee on Economic Development and Natural Resources

(Recommended Amendments to SB 1100, As Introduced)

Amendment		SB 1100		
		FY 2019	FY 2020	Biennium
1	AGRICULTURE & FORESTRY			
2	Department Of Agriculture And Consumer Services			
3	Reverse New Emergency Response Position	\$ -	\$ (138,237)	\$ (138,237)
4	Department Of Forestry			
5	Reverse New Apprenticeship Program	\$ -	\$ (45,000)	\$ (45,000)
6	Reverse New Easement Coordinator	\$ -	\$ (137,843)	\$ (137,843)
7	Reverse New Water Quality Program Coordinator	\$ -	\$ (167,843)	\$ (167,843)
8	Reverse New Hardwood Forest Management Coordinator	\$ -	\$ (167,843)	\$ (167,843)
9	COMMERCE & TRADE			
10	Secretary of Commerce and Trade			
11	Reverse First Year Funding for Broadband Advisor	\$ (140,000)	\$ -	\$ (140,000)
12	Economic Development Incentive Payments			
13	Appropriate Semiconductor Manufacturing Grant Payment	\$ -	\$ 50,000,000	\$ 50,000,000
14	Virginia Jobs Investment Program			Language
15	Department Of Housing And Community Development			
16	Housing Trust Fund	\$ (14,000,000)	\$ (4,000,000)	\$ (18,000,000)
17	Remove New Spending for Eviction Diversion Position	\$ -	\$ (104,050)	\$ (104,050)
18	Virginia Telecommunication Initiative (Broadband)	\$ -	\$ (31,000,000)	\$ (31,000,000)
19	Administrative Support for Virginia Telecommunication Initiative	\$ -	\$ 250,000	\$ 250,000
20	Study on Local Animal Control Programs			Language
21	Department of Labor and Industry			
22	Remove Increase for VOSH Compliance	\$ -	\$ (1,429,000)	\$ (1,429,000)
23	Department Of Mines, Minerals and Energy			
24	Renewable Energy Development Incentives (SB 1496)	\$ (10,000,000)	\$ 1,000,000	\$ (9,000,000)
25	Remove New Spending for Office of Offshore Wind	\$ -	\$ (250,000)	\$ (250,000)
26	Department of Professional and Occupational Regulation			
27	Electronic Credentials			Language
28	Virginia Employment Commission			
29	Remove New Spending for Workforce Dashboard	\$ (124,635)	\$ (1,884,070)	\$ (2,008,705)

Report of the Subcommittee on Economic Development and Natural Resources

(Recommended Amendments to SB 1100, As Introduced)

Amendment		SB 1100		
		FY 2019	FY 2020	Biennium
30	Virginia Economic Development Partnership			
31	Virginia Business Ready Sites Program	\$ (19,000,000)	\$ 1,000,000	\$ (18,000,000)
32	Commonwealth Center for Advanced Manufacturing	\$ -	\$ 920,000	\$ 920,000
33	Virginia Tourism Authority			
34	Heart of Appalachia Tourism Initiatives	\$ (200,000)	\$ -	\$ (200,000)
35	Spearhead Trails Veteran's Rehabilitation Program	\$ (25,000)	\$ 25,000	\$ -
36	NATURAL RESOURCES			
37	Secretary of Natural Resources			
38	Capital Bike Trail Stakeholder Group			Language
39	Department Of Conservation And Recreation			
40	Reverse Supplemental WQIF Deposit	\$ (20,000,000)	\$ (15,031,151)	\$ (35,031,151)
41	College Lake Dam Emergency Repair Matching Grant	\$ -	\$ 5,000,000	\$ 5,000,000
42	First Landing State Park Bike Trails	\$ -	\$ 50,000	\$ 50,000
43	Brandy Station & Cedar Mountain Battlefield Review	\$ -	\$ -	Language
44	Reverse Land Conservation Foundation Increase	\$ (5,500,000)	\$ (5,500,000)	\$ (11,000,000)
45	Reverse New Lewis & Clark Trail Initiative	\$ -	\$ (125,000)	\$ (125,000)
46	Reinstate VOF Statutory Distribution Formula			Language
47	Department Of Environmental Quality			
48	Stormwater Management Review: Voluntary Fee			Language
49	VPDES Discharge Permit Compliance Schedule			Language
50	Acceptable Ammonia Levels			Language
51	Reverse New Regulatory & Permitting Positions	\$ (150,000)	\$ (1,404,056)	\$ (1,554,056)
52	Reverse Additional SLAF Deposit	\$ -	\$ (50,000,000)	\$ (50,000,000)
53	Department Of Historic Resources			
54	Historical African American Cemeteries: Hampton (SB 1128)	\$ -	\$ 3,855	\$ 3,855
55	Marine Resources Commission			
56	Reverse Additional Oyster Program Funding	\$ -	\$ (1,000,000)	\$ (1,000,000)
57	OTHER SUBCOMMITTEE ACTIONS			
58	Office of the Governor			
59	Secretary of Workforce Development			Language

Report of the Subcommittee on Economic Development and Natural Resources

(Recommended Amendments to SB 1100, As Introduced)

Amendment		SB 1100		
		FY 2019	FY 2020	Biennium
60	Secretary of Finance			
61	Machinery and Tools Tax Report			Language
62	Department of Accounts Transfer Payments			
63	Remove Authorization to Use Revenue Reserve for Economic Development Incentives			Language
64	Transfers			
65	Transfer Communications Sales and Use Tax Revenues to General Fund	\$ -	\$ 2,000,000	\$ 2,000,000
66	Adjustments and Modifications to Tax Collections			
67	Tobacco Tax Study			Language

Item 103 #1s

Appropriate Semiconductor Manufacturing Grant Payment

Commerce and Trade	FY18-19	FY19-20	
Economic Development Incentive Payments	\$0	\$50,000,000	GF

Language:

Page 99, line 47, strike "\$43,823,498" and insert "\$93,823,498".

Page 102, after line 43, insert:

"J. Out of the amounts in this Item, \$50,000,000 the second year from the general fund shall be deposited to the Semiconductor Manufacturing Grant Fund for the award of grants to a qualified semiconductor manufacturing company in a qualified locality in accordance with legislation enacted by the 2019 General Assembly and subject to performance metrics agreed to in a memorandum of understanding with the Commonwealth."

Explanation:

(This amendment appropriates \$50.0 million GF the second year to the Semiconductor Manufacturing Grant Fund pursuant to Senate Bill 1370 and subject to the terms agreed to in a memorandum of understanding between a qualified manufacturing company and the Commonwealth.)

Item 117 #1s

Renewable Energy Development Incentives - SB 1496

Commerce and Trade	FY18-19	FY19-20	
Department of Mines, Minerals and Energy	(\$10,000,000)	\$1,000,000	GF

Language:

Page 111, line 3, strike "\$13,116,931" and insert "\$3,116,931".

Page 111, line 3, strike "\$3,503,931" and insert "\$4,503,931".

Page 111, strike lines 31 through 36, and insert:

"D. Out of the amounts in this Item, \$1,000,000 the second year from the general fund shall be deposited to the Installed Solar Energy Equipment Program Grant Fund and used to award grants to businesses that on or after July 1, 2019, construct, purchase, or lease solar energy equipment and place such equipment in service on certain nonresidential real property, pursuant to Senate Bill 1496, as enacted by the 2019

General Assembly."

Explanation:

(This amendment provides \$1.0 million GF the second year to be deposited to the Installed Solar Energy Equipment Program Grant Fund and used to award grants to businesses that on or after July 1, 2019, construct, purchase, or lease solar energy equipment and place such equipment in service on certain nonresidential real property, subject to the requirements set forth in Senate Bill 1496. This amendment also removes language authorizing the development of a public/private partnership program to provide financing for energy efficiency and renewable energy loans to private and local government properties and entities.)

Item 361 #1s

Capital Bike Trail

Natural Resources

Secretary of Natural Resources

Language

Language:

Page 396, following line 37, insert:

"D. The Secretary of Natural Resources and the Secretary of Transportation, with the assistance of the Director of the Department of Conservation and Recreation and the Commissioner of Highways, shall convene a stakeholder group to assess the feasibility and costs associated with transferring sponsorship and maintenance support responsibilities for the Virginia Capital Trail from the Department of Transportation to the Department of Conservation and Recreation. The stakeholder group shall solicit input from affected stakeholders including the Virginia Capital Trail Foundation, trail user groups, and local government representatives from jurisdictions through which the trail traverses. The Secretary shall report to the Chairmen of the House Appropriations and Senate Finance Committees on the results of the assessment no later than October 1, 2019."

Explanation:

(This amendment directs the Secretaries of Natural Resources and Transportation to investigate the feasibility of moving support for the Capital Bike Trail from VDOT to DCR.)

Item 362 #2s

College Lake Dam

Natural Resources

FY18-19

FY19-20

Department of Conservation and Recreation	\$0	\$5,000,000	GF
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Language:

Page 396, line 45, strike "\$127,331,015" and insert "\$132,331,015".

Page 399, line 45, strike "\$732,147" and insert "\$5,732,147".

Page 399, after line 50, insert:

"2. Out of the amounts appropriated in this Item for the Dam Safety, Flood Prevention and Protection Assistance Fund, \$5,000,000 the second year from the general fund shall be provided to match local funding for lakebed stabilization, sediment control and removal, wetland creation, dam safety improvements, stream flow improvement, and other related costs in the College Lake watershed in the City of Lynchburg. This amount shall be matched by a local appropriation of at least \$5,000,000 prior to any disbursement from this Item."

Page 399, line 51, strike "2." and insert "3."

Explanation:

(This amendment provides a one-time grant of \$5.0 million from the general fund to the City of Lynchburg to match local funding for sediment removal and other improvements to College Lake, a central stormwater basin in the City, which suffered significant damage in a severe rainfall event in August 2018. Damage from the rainfall event cost the City of Lynchburg more than \$30 million. The amount shall be matched by a local contribution.)

Item 363 #2s

BSCM Battlefield Park

Natural Resources

Department of Conservation and Recreation

Language

Language:

Page 403, after line 5, insert:

"K. The Department of Conservation and Recreation shall review the Brandy Station and Cedar Mountain Battlefield properties and make recommendations to the Chairmen of the Senate Finance and House Appropriations Committees by October 1, 2019, on their suitability as a historical and recreational area pursuant to §10.1-200 et seq. Code of Virginia, or development as a state or regional park. In its review, the Department shall consider: (i.) management of the area or park by a combination of public and private entities, (ii.) potential user activities at the area or park including heritage tourism, primitive camping, fishing, bow hunting, boating, equestrian activities, biking and historical and military education, and (iii.) operation of the area or park with only those improvements minimally necessary for the activities listed herein and consistent with the preservation and protection of existing historic, cultural, archaeological and

natural resources."

Explanation:

(This amendment directs the Department of Conservation and Recreation to review the Brandy Station and Cedar Mountain Battlefield properties and make recommendations on their suitability as a historical and recreation area or for development as a state or regional park.)

Item 366 #3s

Acceptable Ammonia Levels

Natural Resources

Department of Environmental Quality

Language

Language:

Page 405, after line 22, insert:

"J. The Department of Environmental Quality shall prepare an update to its November 1, 2018 initial report entitled "Flexibilities for Virginia's Permitted Dischargers Implementing EPA's 2013 Nationally-Recommended Ammonia Criteria" pursuant to Enactment Clause 2 of Chapter 511 of the 2018 Acts of Assembly. The update shall expand the Department's previous identification of specific procedures and practices for ammonia criteria implementation to minimize their impact on Virginia sewerage systems or other treatment works, specifically by including all existing or potential permitting procedures and practices that are not prohibited by the Clean Water Act but which would provide relief to permitted dischargers. The Department shall report its findings to the Chairmen of the Senate Committee on Agriculture, Conservation and Natural Resources, the House Committee on Agriculture, Chesapeake and Natural Resources, the Senate Finance Committee, and the House Appropriations Committee no later than November 1, 2019."

Explanation:

(This amendment directs DEQ to update its 2018 report on Ammonia Criteria to include existing or potential permitting procedures and practices that are not prohibited by the Clean Water Act but which would provide relief to permitted dischargers.)
