

## Commerce and Trade

<b>Proposed Adjustments as Introduced</b>				
(\$ in millions)				
	<b>FY 2021 Proposed</b>		<b>FY 2022 Proposed</b>	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2018-20 Base Budget, Ch. 854	\$302.3	\$691.8	\$302.3	\$691.8
Proposed Increases	126.1	44.3	135.9	42.3
Proposed Decreases	<u>(51.4)</u>	<u>(5.1)</u>	<u>(71.6)</u>	<u>(8.7)</u>
\$ Net Change	74.8	39.1	64.3	33.5
<b>HB/SB 30, as Introduced</b>	<b>\$377.1</b>	<b>\$730.9</b>	<b>\$366.6</b>	<b>\$725.4</b>
% Change	24.7%	5.7%	21.3%	4.9%
FTEs	396.23	1,300.77	396.23	1,300.77
# Change	24.89	6.11	24.89	6.11

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

- *Incentive Payments Holding Account.* Recommends a total of \$79.2 million GF and \$800,000 NGF in FY 2021, and \$56.8 million GF and \$400,000 NGF in FY 2022 for economic development incentives. Excluding one-time transfers out of this agency account, the proposed GF appropriations represent a decrease of \$5.0 million compared to the base budget in FY 2021, and a reduction of \$27.4 million compared to the base in FY 2022. The FY 22 reduction reflects completion of commitment for Micron expansion. The following programs are included in this account:

- **Commonwealth’s Development Opportunity Fund.** Proposes \$19.8 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 2020 GF appropriation. A separate action in HB/SB 29 proposes an additional nongeneral fund transfer of \$10.0 million NGF to the Fund in FY 2020.

- **Governor’s Motion Picture Opportunity Fund.** Proposes an additional \$7.0 million GF for the Governor’s Motion Picture Opportunity Fund,

increasing funding from \$3.0 million to \$6.5 million GF each year to attract film industry production activity to the Commonwealth. Also includes \$150,000 NGF each year.

- **Virginia Investment Partnership Grants.** Proposes \$5.2 million GF the first year and \$5.0 million GF the second year for the Virginia Investment Partnership Grant Program. The payments are based on post-performance grants awarded to select projects that invest in Virginia and promote stable or growing employment opportunities. The recommended funding levels represent reductions against the base of \$3,200 in FY 2021 and \$258,200 in FY 2022.
- **Aerospace Engine Facility Incentive Payments.** Provides \$3.0 million GF each year to the Aerospace Manufacturing Performance Grant Fund and provides \$630,000 NGF the first year and \$261,000 NGF the second year from the Aerospace Manufacturer Workforce Training Grant Fund to fund anticipated payments required in the *Code of Virginia* for the Rolls-Royce facility in Prince George County.
- **Virginia Economic Development Incentive Grant (VEDIG) Program.** Provides \$1.0 million GF the first year and \$1.0 million GF the second year for payments due to companies that have met investment and job creation criteria required by VEDIG performance agreements. The recommended funding levels represent reductions against the base of \$2.0 million GF each year.
- **Virginia Jobs Investment Program Grants.** Proposes an increase of \$2.0 million GF each year for the Virginia Jobs Investment Program, bringing total grant funding to \$4.7 million GF each year.
- **Semiconductor Manufacturing Grant Fund.** Provides \$20.0 million GF the first year for grants to Micron in accordance with Chapters 34 and 41 of the 2019 Acts of Assembly, and subject to performance metrics agreed to in a memorandum of understanding with the Commonwealth. This represents the second and final payment of a performance grant totaling \$70.0 million over two years.
- **Advanced Shipbuilding Production Facility Grant.** Includes \$8.0 million GF each year to fund economic development incentive grants pursuant to Chapter 723 of the 2016 Acts of Assembly. The grant program incentivizes the construction and operation of facilities supporting the production of a class of nuclear warships for the United States Navy.

- **Special Workforce Grant.** Provides \$5.3 million GF the first year and \$2.9 million GF the second year to fund grants to Amazon Web Services pursuant to Chapter 744 of the 2018 Acts of Assembly. These amounts represent the first two payments of three scheduled awards totaling \$10.5 million.
- **Truck Manufacturing Company Grant.** Recommends \$2.0 million GF each year to be deposited to a special, nonreverting fund for the award of grants to a qualified truck manufacturing company, subject to legislation to be considered by the 2020 General Assembly. This economic development project was endorsed by the Major Employment and Investment Project Approval Commission (MEI Commission).
- **Pharmaceutical Company Incentive Fund.** Proposes \$3.2 million GF the first year and \$3.0 million the second year to be deposited to a special, nonreverting fund for the award of grants in accordance with legislation to be considered by the 2020 General Assembly. Of the proposed amounts, \$2.5 million GF each year would be available as grants to a qualified pharmaceutical company; and, \$730,000 GF the first year and \$493,750 GF the second year would be payable to a qualified community college and a baccalaureate higher education institution pursuant to the legislation. This economic development project was endorsed by the MEI Commission.
- **Advanced Production Company Grant.** Recommends \$0.5 million GF the second year to be deposited to a special, nonreverting fund for the award of grants to a qualified company, subject to legislation to be considered by the 2020 General Assembly. This economic development project was endorsed by the MEI Commission.
- **Virginia Biosciences Health Research Corporation.** Transfers funding for the Virginia Virginia Biosciences Health Research Corporation (VBHRC) to the Virginia Innovation Partnership, a new authority to be established by legislation that will be introduced during the 2020 legislation session. A corresponding action establishes the VBHRC under the new authority.

- **Department of Housing and Community Development**

- ***Increase Funding for Housing Trust Fund.*** Recommends increasing deposits to the Housing Trust Fund by \$56.0 million GF over the biennium, bringing the total appropriation to \$30.0 million in FY 2021 and \$40.0 million in FY 2022. The proposed budget also includes seven additional authorized positions each year. In addition, HB/SB 29 proposes an increase in FY 2020 from \$7.0 million to \$14.0 million.

- ***Eviction Prevention and Diversion Pilot Program.*** Recommends new spending of \$3.3 million GF each year and two positions to establish an eviction prevention and diversion pilot program. The pilot program would utilize a competitive approach in which local eviction prevention programs could apply for state assistance. Applications would be evaluated to ensure those communities implementing the prevention and diversion pilot have the capacity and resources to do so effectively.
- ***Increase Funding for Broadband.*** Proposes increasing general fund support for the Virginia Telecommunications Initiative by \$16.0 million GF each year, bringing the total to \$35.0 million each year.
- ***Transfer Funding for Broadband Support Staff from CIT.*** Proposes transferring funding for broadband support staff from the Center for Innovative Technology (CIT) to the Department of Housing and Community Development. The action would transfer \$550,000 GF each year and authorize 3 positions.
- ***Increase Funding for the Southeast Rural Community Assistance Project.*** Proposes increasing support for the Southeast Rural Community Assistance Project (SERCAP) by \$600,000 GF each year, bringing the total to \$1.6 million GF each year. SERCAP provides low-income, rural communities with technical assistance and support for water, wastewater and community development projects.
- ***Provide Support for Community Centers.*** Proposes new spending of \$1.0 million GF the first year and \$2.0 million GF the second year to support planning and capital campaign efforts to help secure federal, local, and private funding to build, rehabilitate, or repurpose community centers in Accomack County and Northampton County.

- **Department of Labor and Industry**

- ***Increase Federal Appropriation.*** Increases the nongeneral appropriation by \$556,938 NGF and three positions each year to reflect additional federal grant funding received from the U.S. Department of Labor, Employment and Training Administration for the Commonwealth’s Registered Apprenticeship program.
- ***Increase Funding for Enforcement of Labor Laws.*** Includes an increase of \$206,093 GF and two positions each year to support additional enforcement officers to enforce and investigate potential violations of the state's labor laws.
- ***Increase Personnel in Occupational Safety Program.*** Proposes \$1.5 million GF each year to fill 12 unfunded Compliance Safety and Health Officer (CSHO) positions within the Virginia Occupational Safety and Health Compliance

program. These positions would conduct on-site inspections and issue citations where violations are found. Proposed funding would increase the number of funded CSHO positions to 59.

- **Department of Mines, Minerals and Energy**

- *Support for Clean Energy Development.* Proposes new spending of \$10.0 million GF in FY 2021 to establish a revolving loan fund and loan loss reserve fund intended to incentivize private investments in energy efficiency, renewable energy, and similar clean energy projects in the public and private sectors. Potential public and private sector projects include large commercial energy infrastructure or building retrofits.
- *Establish an Office of Offshore Wind.* Proposes new spending of \$275,000 GF each year to enable the creation of an Office of Offshore Wind within the Division of Energy at the Department of Mines, Minerals and Energy. Funding would support 0.5 FTE to provide support to the Virginia Offshore Wind Development Authority; and 1.5 FTEs to coordinate regional initiatives, support the Coastal Virginia Offshore Wind project, provide policy support, engage the supply chain sector, assist with workforce development, and provide other resources to support the future development of offshore wind resources.
- *Infrastructure Improvements at the Port of Virginia.* A separate Capital Outlay action is proposed to authorize \$40.0 million in bond proceeds for ground improvements at Portsmouth Marine Terminal to improve the load bearing capacity of the facility. The proposed improvements are in anticipation of potential new industrial uses including supporting growth of the offshore wind energy industry in Virginia (see Item C-72).
- *Remove One-time Funding for Energy Storage Capacity Study.* Removes language and one-time funding of \$50,000 GF for the Virginia Solar Development Authority energy storage capacity study which was completed in August 2019.

- **Department of Small Business and Supplier Diversity**

- *Establish a Statewide Strategic Sourcing Unit.* Proposes \$741,130 GF and 7 positions each year to establish and support a statewide unit to strategically source small, woman, and minority-owned (SWaM) participation on large dollar Commonwealth contracts. The unit would consist of 1 business analyst, 1 public relations/marketing position, 3 outreach positions, and 2 certification officer positions.

- **Virginia Economic Development Partnership**

- ***Remove Reporting Language.*** Removes language requiring the Virginia Economic Development Partnership to report annually before the start of the General Assembly on the status of the implementation of the state's comprehensive economic development strategy and related recommendations for legislative actions. The proposed budget also changes the due date for providing its annual expenditure report from September 1 to November 1 each year.
- ***Expand the Custom Workforce Incentive Program.*** Proposes an increase in funding of \$4.7 million GF the second year, bringing total support in FY 2022 to \$9.7 million GF. The introduced budget maintains level funding of \$5.0 million GF in FY 2021. The custom workforce program was established through funding provided in the 2018 appropriation act and is intended to provide training and recruitment services to select companies locating or expanding in the Commonwealth. Additional funding would be used to increase the number of training, recruitment, and visual media development professionals, bringing total staff for the program to 48.
- ***Increase Funding for Business Ready Sites Program.*** Provides an additional \$2.0 million GF the first year and \$3.0 million GF the second year to expand funding for grants used to characterize, inventory and develop sites in the Commonwealth in order to be more competitive with other states in attracting economic development projects. Proposed funding would bring total funding for the program to \$2.6 million GF in FY 2021 and \$3.6 million GF in FY 2022.
- ***Remove Language Governing the Use of Business Ready Sites Funds.*** The proposed budget removes language restricting the use of grants for sites of at least 25 acres and removes language requiring that the Commonwealth be reimbursed at the time the property is sold or leased when Business Ready Sites funding is used to develop sites owned exclusively by private interests.
- ***Transfer Pass-Through Funds for CCAM to New Authority.*** Transfers funding of \$3.6 million GF each year provided for the Commonwealth Center for Advanced Manufacturing (CCAM) to the Virginia Innovation Partnership Authority, a new authority to be established in legislation to be considered during the 2020 legislative session. A corresponding action establishes support for CCAM under the new authority.

- **Virginia Employment Commission**

- ***Increase NGF for IT and Relocation Expenses.*** Provides an additional \$3.0 million NGF appropriation in each year to cover increases in information technology

expenditures and expenses associated with the relocation of the Commission's Central Office.

- **Virginia Tourism Authority**

- *Remove Funding for Virginia Sports Hall of Fame.* Recommends eliminating funding of \$125,000 GF to the City of Virginia Beach supporting the Virginia Sports Hall of Fame.
- *Remove Funding for Asian Market Tourism Promotion.* Removes \$450,000 GF each year for an incentive program completed in FY 2020 that established nonstop air service between Delhi, India and Washington Dulles International Airport.
- *Increase Funding for Heart of Appalachia Tourism Authority.* Provides an increase of \$100,000 GF each year, from \$200,000 to \$300,000 GF, to support tourism marketing in the Coalfield region.

- **Virginia Innovation Partnership Authority**

- *Establish Virginia Innovation Partnership Authority.* Proposes \$36.9 million GF the first year and \$42.1 million GF the second year to create the Virginia Innovation Partnership Authority. Legislation to be considered during the 2020 legislative session would establish the entity in statute. Includes funding transferred from other entities (including reductions and increases in existing programs) and proposed funding for new initiatives. Proposed funding and changes relative to FY 2020 funding levels are outlined in the table below.

## Virginia Innovation Partnership Authority

(as proposed, \$ in millions)

	<u>Base</u>	<u>HB/SB 30</u>		<u>Change</u>	
	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY21</u>	<u>FY22</u>
Commonwealth Cyber Initiative	\$20.0	\$10.0	\$5.0	(\$10.0)	(\$15.0)
Virginia Research Investment Fund	8.0	0	0	(8.0)	(8.0)
Commonwealth Research Commercialization Fund	2.8	0	0	(2.8)	(2.8)
Administrative/Other	4.4	3.6	4.0	(0.9)	(0.4)
Commonwealth Center for Advanced Mfg.	3.6	3.6	3.6	0	0
Unmanned Systems	1.0	1.0	1.5	0	0.5
Virginia Biosciences Health Research Corporation	3.8	3.8	5.0	0	1.3
Commonwealth Growth Accelerator Program	3.1	4.0	5.0	0.9	1.9
Technology Industry Development Services (new)	0	1.0	3.0	1.0	3.0
Regional Innovation Fund (new)	0	2.0	5.0	2.0	5.0
Commonwealth Commercialization Fund (new)	<u>0</u>	<u>8.0</u>	<u>10.0</u>	<u>8.0</u>	<u>10.0</u>
<b>Subtotal</b>	<b>\$46.7</b>	<b>\$36.9</b>	<b>\$42.1</b>	<b>(\$9.8)</b>	<b>(\$4.6)</b>
Broadband Support Transfer to DHCD				<u>\$0.6</u>	<u>\$0.6</u>
<b>Total</b>	<b>\$46.7</b>	<b>\$36.9</b>	<b>\$42.1</b>	<b>(\$9.2)</b>	<b>(\$4.0)</b>