



Report of the Subcommittee on
Economic Development and
Natural Resources

Senate Finance &
Appropriations Committee
Virginia General Assembly

February 20, 2022



SENATE OF VIRGINIA

Senate Finance & Appropriations Committee

**2022 Report of the Economic Development and
Natural Resources Subcommittee
The Honorable David W. Marsden, Chair
February 20, 2022**

Madam Chair and Members of the Committee:

Your Subcommittee has carefully reviewed the Governor's introduced budget for the Secretariats of Agriculture & Forestry, Commerce & Trade, Labor, and Natural Resources. We have thoughtfully considered those proposals, along with those offered by our Senate colleagues.

As Virginia's robust economy continues to experience remarkable growth coming out of the pandemic, we must apply the lessons learned from COVID while positioning the Commonwealth for future economic success. To this end, the Subcommittee recommends more than \$500.0 million in new investments in Commerce & Trade above the budget we adopted one year ago.

Growing all sectors of Virginia's economy, across all regions of the Commonwealth, is a key priority of the Subcommittee. As such, the Subcommittee endorses a strategic investment of \$150.0 million in the development of business-ready sites. Allocation of this funding will benefit every corner of the Commonwealth and strengthen Virginia's ability to recruit new businesses that are looking to make capital investments in new facilities, in the immediate future.

Keeping existing commitments to our business partners is another key priority of the Subcommittee. In this respect, the Subcommittee recommends providing more than \$100.0 million to meet our commitments to Amazon HQ2 and other MEI-approved projects.

One hard-learned lesson of the pandemic is that the health of our economy, and our society, depends upon growing innovative industries

from the research being undertaken at our institutions of higher education, particularly in the areas of biosciences, pharmaceutical manufacturing, and data analytics. To enhance our ability to compete for private, philanthropic, and federal research funding in these critical areas, the Subcommittee recommends a generational investment of more than \$100.0 million in transformational projects across the Commonwealth.

Additionally, statewide access to broadband and quality, affordable housing are concerns for many Virginians that the pandemic only intensified. Our recommendations include a record total investment of \$300.0 million over the biennium for the Housing Trust Fund. The budget we recommend also includes almost \$100.0 million over the biennium for broadband infrastructure through the Virginia Telecommunication Initiative. These and other recommended investments in community and economic development reflect the Subcommittee's determination to support our citizens, and our employers, as we navigate our way out of the challenges of the pandemic.

Another hard-learned lesson from the pandemic that must be addressed is the performance of the Virginia Employment Commission, and the impact that years of under-investment have had on the individuals and businesses that rely on the VEC. To this end, the Subcommittee recommends an additional deposit of \$110.0 million in federal American Rescue Plan Act funds to the Unemployment Insurance Trust Fund to prevent the unemployment tax rate on all Virginia businesses from increasing, as well as a series of JLARC recommended amendments to address claims adjudication, citizen appeals and IT challenges at VEC.

Your Subcommittee strongly embraces our shared commitment to environmental stewardship and recommends providing almost \$515.0 million for new investments in the areas of Natural & Historic Resources and Agriculture & Forestry. Of this new spending, a record \$313.0 million deposit to the Water Quality Improvement Fund will provide more than \$230.0 million in support of continued investments in cost-effective agricultural best management practices that improve the long-term health of our beloved Chesapeake Bay. Additionally, these

funds support remediation efforts for Harmful Algal Blooms occurring in both the Shenandoah River and Lake Anna.

The Subcommittee believes in strengthening our commitment to land conservation programs and recommends more than \$40.0 million be deposited in FY 2023 to Virginia's three flagship land conservation funds. As you know, the pandemic also intensified the demand being placed on Virginia State Parks, and the Subcommittee recommends approximately \$20.0 million in new operating support for our world-class State Park system.

Focusing on our changing climate, we recommend a total of \$30.0 million be invested to reduce Virginia's reliance on carbon-based power sources, and to begin addressing the real-world impacts of climate change that Virginians are experiencing today. Specifically, the Subcommittee recommends \$10.0 million to capitalize a new fund to provide for the distribution of electric vehicle charging stations across economically distressed regions of the Commonwealth. Additionally, the Subcommittee recommends \$10.0 million for incentives to homeowners that elect to install solar power, and \$10.0 million to capitalize the Resilient Virginia Revolving Fund with an eye towards beginning the long process of remediation efforts in flood-prone regions of the Commonwealth.

This completes the report of the Economic Development and Natural Resources Subcommittee. I hope it will be the pleasure of the Committee to adopt our amendments.

Respectfully Submitted,

The Honorable David W. Marsden, Chairman

The Honorable Frank M. Ruff, Jr., Vice-Chair

The Honorable Janet D. Howell

The Honorable Richard L. Saslaw

The Honorable Emmett W. Hanger, Jr.

The Honorable George L. Barker

Report of the Subcommittee on Economic Development and Natural Resources

(Recommended Amendments to SB 29 and SB 30, As Introduced)

(General Fund unless otherwise indicated)

Amendment		SB 29	SB 30		Biennium
		FY 2022	FY 2023	FY 2024	
1	AGRICULTURE & FORESTRY				
2	Department Of Agriculture And Consumer Services				
3	Virginia Fresh Match Nutrition Incentive Program		\$ 1,000,000	\$ 1,000,000	\$ 2,000,000
4	Oversight of Research Breeders		\$ 109,138	\$ 106,638	\$ 215,776
5	Farmland Preservation Fund		\$ 625,000	\$ 625,000	
6	Regulation of Hemp Products		\$ 710,000	\$ 710,000	\$ 1,420,000
7	4-H Educational Facilities		\$ 1,500,000	\$ -	\$ 1,500,000
8	Agricultural & Forestry Industries Development Fund		\$ (1,500,000)	\$ (500,000)	\$ (2,000,000)
9	Invasive Species Program		\$ (300,000)	\$ (300,000)	\$ (600,000)
10	Policy, Planning & Research Staff		\$ (109,138)	\$ (106,638)	\$ (215,776)
11	Farmland Preservation Assessment		<i>Language</i>		\$ -
12	Department Of Forestry				
13	Forest Sustainability Fund		\$ 1,000,000	\$ -	\$ 1,000,000
14	Urban Forestry		\$ (1,500,000)	\$ (1,500,000)	\$ (3,000,000)
15	State Forest Recreational Facilities		\$ (1,000,000)	\$ -	\$ (1,000,000)
16	Virginia Racing Commission				
17	Virginia Horse Center		<i>Language</i>		
18	COMMERCE & TRADE				
19	Secretary of Commerce and Trade				
20	Office of Outdoor Recreation		\$ (140,000)	\$ (140,000)	\$ (280,000)
21	Economic Development Incentive Payments				
22	Virginia Business Ready Sites Program	\$ 100,000,000	\$ 25,000,000	\$ 25,000,000	\$ 50,000,000
23	Blue Star: Virginia Talent Accelerator	\$ 1,427,000	\$ 560,000	\$ 735,000	\$ 1,295,000
24	CoStar: City of Richmond	\$ 15,000,000	\$ -	\$ -	\$ -
25	Frederick County Economic Development Initiative		\$ 5,000,000		\$ 5,000,000

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(General Fund unless otherwise indicated)

	Amendment	SB 29	SB 30		Biennium
		FY 2022	FY 2023	FY 2024	
26	Department of Housing And Community Development				
27	Derelict Structures Fund		\$ 2,500,000	\$ 2,500,000	\$ 5,000,000
28	Coalfield Community Development Managers		\$ 218,000	\$ 218,000	\$ 436,000
29	Community Development Financial Institution Fund		\$ (2,500,000)	\$ -	\$ (2,500,000)
30	Adjust Funding for Enterprise Zone Program		\$ (1,000,000)	\$ (1,000,000)	\$ (2,000,000)
31	Virginia Telecommunications Initiative		<i>Language</i>		
32	Virginia Housing Stability Fund		<i>Language</i>		
33	Model Lot Lease		<i>Language</i>		
34	Department of Energy				
35	Driving Decarbonization Grant Fund		\$ 10,000,000	\$ -	\$ 10,000,000
36	Electricity Generation Byproducts Assessment		\$ 500,000	\$ -	\$ 500,000
37	Adjust Funding for Solar Loan and Rebate Program		\$ (20,000,000)	\$ -	\$ (20,000,000)
38	Virginia Economic Development Partnership				
39	Inland Port Feasibility Assessment		\$ 200,000	\$ -	\$ 200,000
40	WIOVA Consolidation Assessment		\$ 200,000	\$ -	\$ 200,000
41	Wind Industry Talent Attraction Program		\$ 200,000	\$ 200,000	\$ 400,000
42	Wind Industry Supply Chain Grant Fund		\$ -	\$ 2,500,000	\$ 2,500,000
43	Virginia International Trade Plan		\$ -	\$ (3,500,000)	\$ (3,500,000)
44	Virginia Business Ready Sites Program	\$ (150,000,000)	<i>Language</i>		
45	Virginia Tourism Authority				
46	Sail250 Virginia		\$ 1,000,000	\$ -	\$ 1,000,000
47	Virginia Innovation Partnership Authority				
48	2022 Bio & Data Sciences Initiative		\$ 100,716,344	\$ -	\$ 100,716,344
49	Regional Innovation Fund		\$ (2,000,000)	\$ (2,000,000)	\$ (4,000,000)
50	Commonwealth Center for Advanced Manufacturing		<i>Language</i>		
51	Regional Operations		<i>Language</i>		

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(General Fund unless otherwise indicated)

Amendment		SB 29	SB 30		Biennium
		FY 2022	FY 2023	FY 2024	
52	FINANCE				
53	Treasury Board				
54	Eastern Shore Farmers Market		Language	\$ -	\$ -
55	LABOR				
56	Secretary of Labor				
57	VEC: JLARC Recommendation #1 (Comprehensive Efficiency Review)	\$ 500,000	\$ 150,000	\$ -	\$ 150,000
58	Virginia Employment Commission				
59	VEC: JLARC Recommendation #20 (Appeals Ombudsman)		\$ 200,000	\$ 200,000	\$ 400,000
60	VEC: JLARC Recommendation #30 (IT Security)		\$ 200,000	\$ -	\$ 200,000
61	VEC: JLARC Recommendation #31 (VITA Transformation)		Language		
62	VEC: JLARC Recommendation #14 (Claims Adjudication)		Language		
63	VEC: JLARC Recommendation #26 (UI System User Feedback)		Language		
64	VEC: JLARC Policy Option #3 (Department of Labor Policies)		Language		
65	Unemployment Trust Fund Rate Cap (ARPA)	\$ 110,000,000	Language		
66	NATURAL RESOURCES				
67	Department Of Conservation And Recreation				
68	Resilient Virginia Revolving Loan Fund		\$ 10,000,000	\$ -	\$ 10,000,000
69	Virginia Land Conservation Foundation		\$ 12,000,000	\$ 10,000,000	\$ 22,000,000
70	State Park Operations & Staffing	\$ 2,500,000	\$ 5,000,000	\$ 5,000,000	\$ 10,000,000
71	Water Quality Improvement Fund		\$ -	\$ (26,468,921)	\$ (26,468,921)
72	Conservation of Tribal Lands		\$ (12,000,000)	\$ -	\$ (12,000,000)
73	SWCD Dam Equipment & Maintenance		\$ 156,000	\$ (244,000)	\$ (88,000)
74	SWCD Administration & Operations		\$ 3,600,000	\$ 3,600,000	\$ 7,200,000
75	Office of Environmental Education		\$ 350,000	\$ 350,000	\$ 700,000
76	Breaks Interstate Park Lodge Repairs	\$ 430,000	\$ -	\$ -	\$ -
77	Mendota Trail	Language	\$ 466,500	\$ -	\$ 466,500
78	Lake Anna Harmful Algal Bloom		Language		
79	River Farm	Language			

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(General Fund unless otherwise indicated)

	Amendment	SB 29	SB 30		Biennium
		FY 2022	FY 2023	FY 2024	
80	Hayfields Farm		<i>Language</i>		
81	Department Of Environmental Quality				
82	Petersburg Poor Creek Wastewater Upgrades		\$ 16,760,000	\$ -	\$ 16,760,000
83	Petersburg Poor Creek Water Supply Upgrades		\$ 3,371,500	\$ -	\$ 3,371,500
84	Surface & Ground Water PFAS Surveillance		\$ 320,000	\$ -	\$ 320,000
85	Polystyrene Food Service Containers		\$ 80,000	\$ -	\$ 80,000
86	Falls Church Stormwater Remediation (ARPA)		\$ 4,000,000	\$ -	\$ 4,000,000
87	Local Water Quality Earmarks		\$ (3,325,000)	\$ -	\$ (3,325,000)
88	Groundwater Monitoring Equipment	<i>Language</i>	<i>Language</i>		\$ -
89	Hydrofluorocarbon Regulations		<i>Language</i>		
90	Enhanced Nutrient Removal Grant Agreements		<i>Language</i>		
91	Bristol Landfill Technical Assistance	<i>Language</i>			
92	Department of Wildlife Resources				
93	Game Protection Fund (NGF)	\$ (1,600,000)	\$ -	\$ -	\$ -
94	Statewide Mussel Restoration Plan		\$ 200,000	\$ 200,000	\$ 400,000
95	Wildlife Corridors Grant Fund		\$ 4,750,000	\$ 250,000	\$ 5,000,000
96	Department Of Historic Resources				
97	Historical African American Graves & Cemeteries		\$ 100,000	\$ 100,000	\$ 200,000
98	Tribal Nations Outreach		\$ 226,000	\$ 226,000	\$ 452,000
99	BIPOC Preservation Fund		\$ -	\$ (5,000,000)	\$ (5,000,000)
100	Virginia Battlefield Preservation Fund		\$ 3,500,000	\$ 4,250,000	\$ 7,750,000
101	John Warner Maritime Heritage Center		\$ 4,000,000	\$ -	\$ 4,000,000
102	Elegba Folklore Society		\$ 50,000	\$ -	\$ 50,000
103	Woodrow Wilson Presidential Library		\$ 250,000	\$ -	\$ 250,000
104	Virginia Museum of Transportation		\$ 500,000	\$ -	\$ 500,000
105	Marine Resources Commission				
106	Chincoteague Inlet Study		\$ (1,500,000)	\$ -	\$ (1,500,000)
107	Part 3 Transfers				
108	3-1.01 Eastern Shore Farmers Market		<i>Language</i>		

VEC: Corrective Action Planning

Commerce and Trade	FY20-21	FY21-22
Secretary of Labor	\$0	\$500,000 GF

Language:

Page 27, line 4, strike "\$599,192" and insert "\$1,099,192".

Page 27, line 4, strike "Not set out." and insert:

Amendment Drawn to Chapter 552

Page 116, after line 56, insert:

"F.1 The Secretary of Labor shall prioritize improvements and modernization of the Virginia Employment Commission (VEC) as outlined in the November 2021 JLARC Report, "Operations and Performance of the Virginia Employment Commission," including an analysis of the report's 40 recommendations and 10 policy options. Emphasis shall be placed on improving customer service and interactions with the public in the immediate time frame while still dealing with pandemic-related issues and long-range plans to improve the transparency of processes and services. Additional focus shall be placed on (i) overall funding and management of the Unemployment Insurance (UI) trust; (ii) reviewing benefit levels for income replacement; (iii) ensuring appropriate staffing levels and well-trained personnel; and (iv) addressing technology needs. The current backlog of 2020 and 2021 claims shall be expedited for resolution immediately, including but not limited to resolving any outstanding claims; accounting for overpayments or inappropriate payments; and improving processes to prevent fraud and better identify valid claims.

2. The Secretary of Labor shall competitively procure a national firm with expertise in evaluating the efficiency of an organization's staffing structure, delegation of staff duties, and work processes to conduct a comprehensive efficiency review of the UI operations of the Virginia Employment Commission to (i) identify specific actions that could be taken to improve the efficiency of VEC's UI operations, including through more efficient and effective use of staff and technology; (ii) recommend improvements to the agency's staffing and workflows to most effectively use existing federal funding for UI operations; and (iii) determine whether current funding is adequate to ensure effective UI operations. The Secretary shall issue an interim report of its findings and recommendations to the General Assembly no later than December 1, 2022, and a final report no later than September 1, 2023."

Explanation:

(This amendment provides funding for the Secretary of Labor to competitively procure a comprehensive efficiency review of the operations of the Virginia Employment Commission consistent with Recommendation 1 of the JLARC Report, "Operations and

Performance of the Virginia Employment Commission," from November 2021.)

Item 374 #4s

State Park Operations & Staffing

Natural Resources	FY20-21	FY21-22	
Department of Conservation and Recreation	\$0	\$2,500,000	GF

Language:

Page 200, line 4, strike "\$84,086,747" and insert "\$86,586,747".

Page 200, line 4, strike "Not set out." and insert:

Amendment Drawn to Chapter 552

Page 488, line 52, strike "\$50,932,897" and insert "\$53,432,897".

Explanation:

(This amendment provides an additional \$2.5 million GF in FY 2022 to support State Park operations and staffing. A companion amendment in SB 30 provides an additional \$10.0 million GF over the biennium, or an approximately nine percent increase in general fund support for Virginia State Parks.)

Farmland Preservation Fund

Agriculture and Forestry	FY22-23	FY23-24
Department of Agriculture and Consumer Services	\$625,000	\$625,000 GF

Language:

Page 84, line 34, strike "\$27,229,689" and insert "\$27,854,689".

Page 84, line 34, strike "\$27,229,689" and insert "\$27,854,689".

Page 85, line 41, strike "\$3,375,000 the first year and \$3,375,000 the second" and insert "\$4,000,000 the first year and \$4,000,000 the second".

Explanation:

(This amendment provides for a total of \$4.0 million GF in each year to be deposited to the Virginia Farmland Preservation Fund.)

Forest Sustainability Fund

Agriculture and Forestry	FY22-23	FY23-24
Department of Forestry	\$1,000,000	\$0 GF

Language:

Page 89, line 30, strike "\$47,618,537" and insert "\$48,618,537".

Page 90, after line 46, insert:

"M. Out of the amounts in this Item, \$1,000,000 the first year from the general fund shall be deposited to a special, nonreverting fund for the evaluation and development of guidelines for the administration of the fund to promote multiple-use forestry management in Virginia jurisdictions that adopt an ordinance for the use value assessment and taxation for real estate devoted to forest use."

Explanation:

(This amendment provides \$1.0 million GF in FY 2023 to a special, nonreverting fund for the evaluation and development of guidelines and administration of the fund to promote multiple-use forestry management in Virginia jurisdictions that adopt an ordinance for the use value assessment and taxation for real estate devoted to forest use.)

Item 121 #1s

Driving Decarbonization Grant Program

Commerce and Trade	FY22-23	FY23-24
Department of Mines, Minerals and Energy	\$10,000,000	\$0 GF

Language:

Page 104, line 47, strike "\$34,315,826" and insert "\$44,315,826".

Page 105, after line 32, insert:

"F. Out of this appropriation, \$10,000,000 the first year from the general fund shall be deposited to the Driving Decarbonization Grant Program Fund for the purpose of assisting developers with non-utility costs associated with the installation of electric vehicle charging stations. Of these amounts, \$5,000,000 shall be reserved by the Department for eligible projects in historically economically disadvantaged communities."

Explanation:

(This amendment provides \$10.0 million GF in FY 2023 for initial capitalization of the Driving Decarbonization Grant Program and Fund.)

Item 121 #3s

Electricity Generation Byproducts Assessment

Commerce and Trade	FY22-23	FY23-24
Department of Mines, Minerals and Energy	\$500,000	\$0 GF

Language:

Page 104, line 48, strike "\$34,315,826" and insert "\$34,815,826".

Page 105, after line 32, insert:

"F. Out of this appropriation, \$500,000 the first year from the general fund is authorized for geotechnical and related consulting support that may be required to identify the approximate volume and number of waste coal piles present in the coalfield region of the Commonwealth and for the evaluation of opportunities to use coal combustion residuals for construction purposes in public infrastructure projects in the Commonwealth."

Explanation:

(This amendment provides \$500,000 GF in FY 2023 for technical consulting support in

assessing options for remediation of the byproducts of carbon-based electricity generation.)

Item 125 #1s

Inland Port Feasibility Assessment

Commerce and Trade	FY22-23	FY23-24
Virginia Economic Development Partnership	\$200,000	\$0 GF

Language:

Page 108, line 38, strike "\$50,344,192" and insert "\$50,544,192".

Page 110, after line 12, insert:

"N. The Virginia Economic Development Partnership, in consultation with the Virginia Tobacco Region Revitalization Commission, the Central Virginia Planning District Commission, and the Mount Roger Planning District Commission, shall assess the feasibility of establishing an inland port in Region 2000 or the City of Bristol and submit its findings to the General Assembly no later than November 1, 2022. In conducting this assessment, the Secretary of Transportation, the Virginia Port Authority, and the Office of Intermodal Planning and Investment shall provide any technical assistance that may be required."

Explanation:

(This amendment provides \$200,000 GF in FY 2023 for the Virginia Economic Development Partnership to assess the feasibility of creating an inland port located in Region 2000 or the City of Bristol.)

Item 370 #7s

Unemployment Trust Fund

Labor

Virginia Employment Commission

Language

Language:

Page 401, after line 13, insert:

"J. Notwithstanding any other provision of law, the Virginia Employment Commission shall compute tax rates for Calendar Year 2023 by excluding pandemic related claim activity. Any such rate for any employer for Calendar Year 2023, may be less than, but shall not exceed the established rate for that employer for Calendar Year 2020. For purposes of this calculation, pandemic related claim activity is defined as all regular Unemployment Insurance claims

activity from April 1, 2020, through June 30, 2021. The pool charge for Calendar Year 2023 shall be computed using this same methodology and set at an amount not to exceed the rate in effect for Calendar Year 2020. Notwithstanding § 60.2-533, Code of Virginia, the fund building rate shall be set for Calendar Year 2023 at a rate not to exceed the rate in effect for Calendar Year 2020. "

Explanation:

(This amendment ensures that the Unemployment Trust Fund's fund building rate shall be set for Calendar Year 2023 at a rate not to exceed the rate in effect for Calendar Year 2020.)

Item 375 #1s

Virginia Land Conservation Fund

Natural and Historic Resources	FY22-23	FY23-24	
Department of Conservation and Recreation	\$12,000,000	\$10,000,000	GF

Language:

Page 406, line 37, strike "\$103,481,510" and insert "\$115,481,510".

Page 406, line 37, strike "\$81,230,426" and insert "\$91,230,426".

Page 406, line 51, strike "\$20,000,000" and insert "\$32,000,000".

Page 406, line 52, strike "\$10,000,000" and insert "\$20,000,000".

Explanation:

(This amendment increases funding for the Virginia Land Conservation Foundation by \$22.0 million over the biennium as part of a series of amendments that provide increased funding for land conservation programs in Virginia.)

Item 375 #5s

State Park Operations & Staffing

Natural and Historic Resources	FY22-23	FY23-24	
Department of Conservation and Recreation	\$5,000,000	\$5,000,000	GF

Language:

Page 406, line 37, strike "\$103,481,510" and insert "\$108,481,510".

Page 406, line 37, strike "\$81,230,426" and insert "\$86,230,426".

Page 406, line 41, strike "\$54,832,783" and insert "\$59,832,783".

Page 406, line 41, strike "\$54,581,984" and insert "\$59,581,984".

Explanation:

(This amendment provides \$10.0 million GF over the biennium for State Park management and operations, to provide for a nine percent increase in general fund support for State Park operations.)

Item 382 #1s

Statewide Mussel Restoration Plan

Natural and Historic Resources	FY22-23	FY23-24	
Department of Wildlife Resources	\$200,000	\$200,000	GF
	2.00	2.00	FTE

Language:

Page 414, line 9, strike "\$50,130,696" and insert "\$50,330,696".

Page 414, line 9, strike "\$50,130,696" and insert "\$50,330,696".

Page 414, after line 23, insert:

"C. Out of the amounts appropriated in this Item, \$200,000 in the first year and \$200,000 in the second year from the general fund is provided to the department to support two additional staff biologists to develop and administer a statewide plan to protect and restore native freshwater mussel species. The department is authorized to enter into cooperative agreements with qualified nonprofit and private entities to assist in mussel restoration planning and implementation."

Explanation:

(This amendment provides \$400,000 GF over the biennium to support two additional staff at the Department of Wildlife Resources for the development and implementation of a statewide mussel restoration plan.)