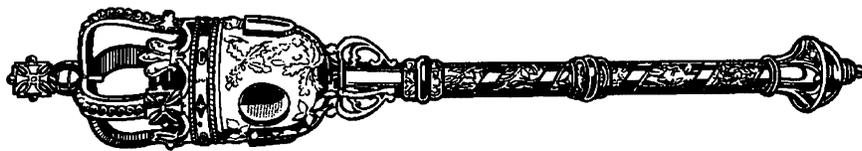


*Report of the
House Appropriations
Subcommittee*

on

*Commerce, Agriculture
and Natural Resources*



*House Bill 29
&
House Bill 30*

February 19, 2006

REPORT OF THE SUBCOMMITTEE
on
Commerce, Agriculture and Natural Resources

Mr. Chairman and Members of the Committee:

This marks the first report of the newly created subcommittee which has the combined responsibilities of last year's Natural Resources Subcommittee and the Commerce and Agriculture Subcommittee. The merger was a tremendous learning experience for us all as we became exposed to entirely new areas of state government. Going forward, this merger will allow us to more comprehensively address the many issues that cross the boundaries of resource protection and economic growth.

Natural Resources:

In our deliberations regarding Virginia's natural resources, the Subcommittee focused its attention on the need to restore the health of Virginia's tidal tributaries, which have a direct impact on the health of the Chesapeake Bay. The Subcommittee is very pleased to recommend that \$200 million be committed to this effort during fiscal year 2007. This amount represents Virginia's single largest contribution to the clean-up of the Chesapeake Bay.

The subcommittee is also pleased to recommend the deposit of \$56.6 million to the Water Quality Improvement Fund from the fiscal year 2005 surplus. This funding will provide \$39.6 million in support for nonpoint source pollution control, representing 70 percent of the deposit, and \$17.0 million in support for improving the nutrient reduction technology used by wastewater treatment plants. It should be noted that of the \$39.6 million targeted for nonpoint source pollution control, \$16.0 million must be spent outside the Chesapeake Bay watershed.

The Subcommittee was also concerned about the need to provide funding to refurbish the many dams across the Commonwealth that have been determined to present significant hazards to public safety. During the 2005 Session of the General Assembly, we provided funding to address dam safety in our state parks and to maintain the dams owned by our Soil and Water Conservation Districts. Today, we are recommending \$400,000 each year to provide funding for the local grants and loans program sponsored by Delegate Sherwood. In addition, the Subcommittee is recommending \$3.2 million in funding for Virginia's state parks to augment staff and operating support for these facilities.

There is also a need to preserve Virginia's historic resources. Therefore, the Subcommittee has recommended the appropriation of \$1 million to provide matching grants for the preservation of Virginia Civil War historic sites. Other recommendations related to historic resources include nearly \$750,000 for the restoration of Montpelier, and additional funding for the care of Confederate graves.

Ultimately, the Subcommittee also acknowledged a need to redirect spending contained in the introduced budget to the Committee's priorities. The Subcommittee is recommending \$35.7 million in spending be redirected to the Committee's priorities. These dollars are generated primarily by redirecting \$25.0 million in grants for wastewater treatment plants located outside the Chesapeake Bay region and \$7.5 million in funding for the combined sewer overflow projects. It should be noted that the largest problem in the Southern Rivers region is nonpoint source pollution. \$16.0 million from the amounts targeted for nonpoint source pollution control must be spent in this region.

Commerce and Agriculture:

In our deliberations we also talked about the need to balance the important and competing needs facing our economic development, tourism, and agriculture and forestry efforts. As you know, economic development encompasses more than just attracting and growing businesses.

Mr. Chairman, let me touch briefly on the subcommittee's efforts in Agriculture and Forestry. For years, these programs have not received the attention they deserve. The role of agriculture and forestry in Virginia is profound. Not only do these industries provide jobs, they also play an integral role in maintaining our environment and our quality of life in rural Virginia. With modest increases totaling \$5.6 million, we will be able to revitalize a number of programs, including the public-private reforestation program and the VDACS weights and measures and animal health programs. We also were able to fund new firefighting equipment at the Department of Forestry, and provide funding for eight new water quality foresters.

In addition to the core program increases outlined above, we are pleased to be able to provide \$4.5 million in the first year to complete the Commonwealth's commitment to support the Virginia Horse Center Foundation's debt service. This infusion will assist in the receipt and implementation of a loan from the U.S. Department of Agriculture. This action would eliminate future commitments of the Commonwealth to debt previously issued by the Center, and with the help of federal funding made available by Congressman Goodlatte, will ensure the continued operation and growth of the Center.

Second, the subcommittee's review concluded that the state's tourism industry is a key component of the state's economy, in which we must place renewed focus. This industry provides many wonderful opportunities for Virginia's own residents to enjoy the many cultural, historical, and scenic sites across the Commonwealth and contributes more than \$15 billion to Virginia's economy each year. The budget for the Virginia Tourism Corporation proposed by this subcommittee includes \$4.5 million in additional funding over fiscal year 2006 levels, and will provide \$3.75 million to effectively market the 2007 commemoration and finance leveraged advertising efforts and \$1.3 million to support regional tourism organizations.

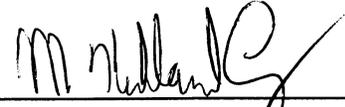
The subcommittee's third area of focus was community and business development. We continue to recognize that not all areas of the Commonwealth have shared equal levels of economic growth.

As a result, we are committed to helping our distressed areas more fully participate in the current economic expansion. With this in mind, the subcommittee recommends providing a one-time general fund appropriation of \$2.5 million to recapitalize the Virginia Small Business Financing Authority's programs which support small and disadvantaged businesses across the Commonwealth.

In addition, the subcommittee recommendations authorize \$8.0 million in funding for three economic development projects in the western portion of the state, including: \$2.0 million to attract a research-related entity to the I-81 corridor; \$1.0 million to support a state and local public-private partnership to develop a training center in conjunction with Volvo Trucks in Dublin; and \$5.0 million to support the development of a biotech wet lab shell building in the greater Roanoke area.

In closing, I would like to thank Chairman Callahan and the members of the subcommittee for their hard work and support during the Session in putting the subcommittee budget together. Committee staff will review the report and the attached listing of our recommendations at this time, and I hope it will be your pleasure to adopt our Subcommittee Report.

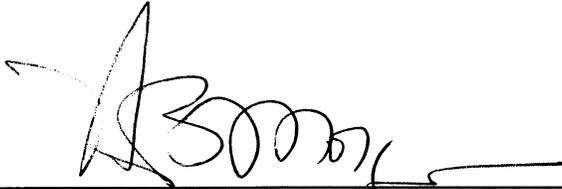
Respectfully Submitted by the House Appropriations Subcommittee
on Commerce, Agriculture & Natural Resources:



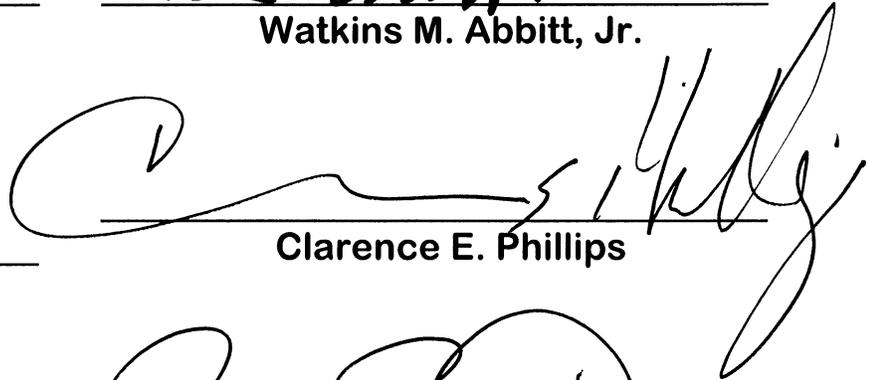
M. Kirkland Cox, Chairman



Watkins M. Abbitt, Jr.



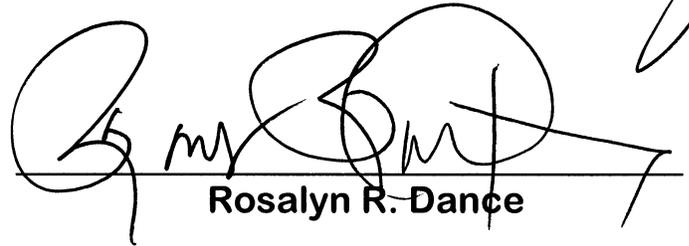
Harvey B. Morgan



Clarence E. Phillips



R. Steven Landes



Rosalyn R. Dance



Clarke N. Hogan

Budget Amendment Recommendations

<u>Amendment</u>	House Bill 29 <u>FY 2006</u>	2006-08 BIENNIAL TOTAL		
		General <u>Fund</u>	Nongeneral <u>Fund</u>	<u>FTE</u>

COMMERCE, AGRICULTURE AND NATURAL RESOURCES

HB 29

Department of Conservation and Recreation

Chesapeake Bay Restoration Fund 352,021

Department of Environmental Quality

Move Shenandoah River Fish Study Funds 30,000

HB 30 (2006-08 Budget)

General Assembly

Economic Development Incentives Language

Secretary of Agriculture and Forestry

Virginia Horse Center Foundation 4,500,000

Department Of Agriculture And Consumer Services

Hydrilla Control - Lake Gaston 100,000

Hydrilla Control - Potomac River 200,000

Department of Forestry

Reforestation of Timberlands 233,662

Secretary Of Commerce And Trade

DMBE Performance Reports Language

Department Of Business Assistance

Capital Access Program Funding 2,500,000

Department Of Housing And Community Development

Virginia Housing Trust Fund Language

Southside Planning District Commission 125,000

Commonwealth Regional Council 250,000

Appomattox River Dredging 300,000

Wise Economic Development 100,000

Budget Amendment Recommendations

<u>Amendment</u>	<u>House Bill 29</u> <u>FY 2006</u>	2006-08 BIENNIAL TOTAL		
		<u>General</u> <u>Fund</u>	<u>Nongeneral</u> <u>Fund</u>	<u>FTE</u>
Energy Efficiency Contracts		(232,800)		
Department Of Minority Business Enterprise				
DMBE Balances				
Department of Professional and Occupational Regulation				
Laser Therapy Technicians			62,000	
Virginia Economic Development Partnership				
Corporate Advertising		(500,000)		
2nd Year Currency Losses		(200,000)		
Hampton Rds Partnership		(200,000)		
New River Valley Ctr for Excellence		1,000,000		
Virginia Racing Commission				
Fund VRC Set Asides				
Virginia Tourism Authority				
Danville Welcome Center		(100,000)		
Coalfields Regional Tourism Authority		150,000		
New River Valley Tourism Activities		50,000		
Regional Tourism Grants		600,000		
Central Appropriations				
Governor's Opportunity Fund		(9,500,000)	-	
Economic Contingency		(2,000,000)	-	
Motion Picture Opportunity Fund		1,000,000	-	
Biotechnology Wet Lab - VT		5,000,000		
Remove NASCAR Incentive Funding				
I-81 Research Entity				
Wine Board Technical Correction				
Secretary of Natural Resources				
Indian Heritage Program Funding		(500,000)	-	
Department of Conservation and Recreation				
Remove Rails to Trails Funding		(950,000)	-	
Remove Captain John Smith Water Trail		(140,000)		
Funding for Dam Safety Fund		400,000	400,000	
Replace Well at Breaks Interstate Park		150,000	-	
Wetland Restoration Erosion Review		75,000	75,000	1.00
Rappahannock River Basin Commission		30,000	30,000	

Budget Amendment Recommendations

<u>Amendment</u>	House Bill 29 FY 2006	2006-08 BIENNIAL TOTAL		
		General Fund	Nongeneral Fund	FTE
Acquisition of Grand Caverns		Language	-	
Department of Environmental Quality			-	
Southern Rivers Wastewater Funding		(25,000,000)	-	
Remove Combined Sewer Overflow Funds		(7,500,000)		
Remove Solid Waste Oversight Funding		(549,852)	(511,218)	(5.00)
Remove Second Year Groundwater Funds		-	(415,746)	(6.00)
Remove Chesapeake Bay Foundation Funds		(100,000)	-	
Move Shenandoah River Fish Study Funds		(30,000)	-	
Department of Game and Inland Fisheries			-	
Transfer of Additional HB 38 Sums		Language	-	
Department of Historic Resources			-	
Civil War Preservation Grants		1,000,000	-	
Montpelier Restoration Funds Match		749,697	-	
Additional Confederate Graves		19,320	-	
		=====	=====	=====
Total: HB 30		(35,783,823)	(359,964)	(11.00)

Legislative Department

General Assembly Of Virginia

Language

Language:

Page 7, after line 47, insert:

"G. The Commerce, Agriculture and Natural Resources Subcommittee of the House Appropriations Committee and the Economic Development and Natural Resources Subcommittee of the Senate Finance Committee shall jointly study the Commonwealth's grants, programs and incentive funds related to economic development. This review shall include an evaluation of the effectiveness of the existing mix of incentive programs to attract business to the Commonwealth and the regional distribution of funds expended for such purposes. The subcommittees shall provide to the appropriate chairmen of the respective full committees any findings and recommendations resulting from this evaluation."

Explanation:

(This amendment directs the appropriate subcommittees of the House Appropriations and Senate Finance Committees to review the Commonwealth's economic development incentive programs to assess the effectiveness of the current mix of programs, and the regional distribution of funding for these purposes.)

Commerce And Trade

Secretary Of Commerce And Trade

Language

Language:

Page 79, after line 55, insert:

"C. The Secretary of Commerce and Trade shall report the Chairmen of the House Appropriations and Senate Finance Committees by November 1, 2006, on activities related to the management, operation, and administration of the Department of Minority Enterprise. The report shall address, but is not limited to, the following items: (1) the status of the Department's efforts to implement the findings and recommendations from the Auditor of Public Accounts' most recent report on the audit of the Department of Minority Business Enterprise, including its agreement with the Department of Housing and Community Development to manage its administrative and financial functions; (2) the status of hiring, training, and retaining Department employees to ensure consistent delivery of high quality services; (3) for fiscal year 2006, an inventory of efforts undertaken to establish, preserve, and strengthen minority-owned businesses in the Commonwealth as well as report on the effectiveness of those activities; (4) an inventory of specific actions or activities implemented by the Department to improve minority-owned businesses' access to the Department's resources; (5) the number and type of customers served in fiscal year 2006; (6) the number of jobs created or retained in fiscal year 2006 attributable to the Department's efforts; and (7) an analysis of the Department's success in meeting the four agency goals articulated in the Governor's Biennial Executive Budget Document released in December 2005. The Secretary of Commerce and Trade shall provide a workplan for the report by August 1, 2006, to the House Appropriations and Senate Finance Committees."

Explanation:

(This amendment requires the Department of Minority Business Enterprise to report to the General Assembly on its efforts to improve its effectiveness by August 1, 2006.)

Commerce And Trade

Department Of Housing And
Community Development

Language

Language:

Page 82, after line 17, insert:

"E. Pursuant to the provisions of House Bill 92, 2006 Session of the General Assembly, revenues available for the Virginia Housing Trust Fund shall be deposited and these funds shall be used to provide affordable housing for low and moderate income citizens in accordance with guidelines adopted by the Board of Housing and Community Development."

Explanation:

(This amendment provides authority for the Board of Housing and Community Development to develop guidelines and utilize funds deposited into the Virginia Housing Trust Fund pursuant to legislation adopted by the House this Session which dedicates 50 percent of all recordation tax revenues in excess of the official forecast for that revenue source into the Housing Trust Fund. The balances in the predecessor to this fund were sold to the Virginia Housing Development Authority in 2003 thereby reducing funding available to DHCD to make low- and moderate-income housing loans and grants.)

Commerce And Trade

Department Of Mines, Minerals
And Energy

Language

Language:

Page 89, line 44, strike "\$3,000,000" and insert "\$1,500,000".

Page 89, line 49, after "2006," strike the remainder of the line and insert:

", pursuant to the provisions of House Bill 680, 2006 Session of the General Assembly."

Page 89, strike line 50 through line 53.

Page 90, strike line 1 through line 7.

Explanation:

(This amendment revises language in the introduced budget relating to a biofuels incentive fund to accurately reflect provisions of legislation adopted to create a biofuels incentive fund, House Bill 680.)

Commerce And Trade

Department Of Minority Business
Enterprise

Language

Language:

Page 90, line 43, after "services.", strike remainder of line.

Page 90, line 44 through line 50.

Page 90, line 51, strike "business enterprises in the Commonwealth."

Explanation:

(This amendment eliminates language included in House Bill 30 as introduced that would have authorized the Department of Minority Business Enterprise to transfer general and nongeneral fund balances to a special account not subject to appropriation. This amendment ensures that appropriation authority regarding unexpended balances is retained by the Governor and the General Assembly but does not impact the planned assessments to be undertaken by the Department.)

Commerce And Trade

Virginia Racing Commission

Language

Language:

Page 96, strike line 13 through line 18, and insert:

"B. Out of these amounts, the obligations set out in §§ 59.1-392 D 5 and D 6, Code of Virginia, shall be fully funded.

Page 96, strike line 31 through line 37.

Page 96, line 38, strike "E." and insert "D."

Explanation:

(This amendment fully funds the statutory requirements of the Virginia Maryland Regional College of Veterinary Medicine, the Virginia Equine Center Foundation and the Virginia Horse Industry Board from nongeneral fund revenues of the Virginia Racing Commission. The Code-stipulated amounts have not been paid in recent years; instead lesser amounts have been set out in the budget for these organizations. This would increase funding for the Veterinary School from \$204,000 to about \$240,000 and double the appropriations for the other two entities from \$40,000 each year to an estimated \$80,000 each year.)

Central Appropriations

Central Appropriations

Language

Language:

Page 390, line 45, after “value”, insert:

“for credits earned in taxable years beginning before January 1, 2002, and 85 percent of face value for credits earned in taxable years beginning on and after January 1, 2002”.

Line 46, after “10”, insert “or 15”.

Explanation:

(This amendment corrects language to reflect the portion of the coalfield employment enhancement tax credit revenue stream that goes to the Virginia Coalfields Economic Development Authority in current law.)

Central Appropriations

Central Appropriations

Language

Language:

Page 404, strike line 52 through line 56.

Explanation:

(This amendment removes language that had been included in the introduced budget authorizing the Governor to use up to \$15.0 million from the unappropriated balance to attract the NASCAR Hall of Fame to Henrico County. Since the budget was proposed, NASCAR has excluded that site from the list of potential locations for the Hall of Fame thereby making the language unnecessary.)

Central Appropriations

Central Appropriations

Language

Language:

Page 408, after line 29, insert:

"T. The Governor is authorized to expend from the unappropriated general fund balance in this act such amounts as are necessary, up to \$2,000,000, to incentivize the recruitment of a research-related entity along the Interstate 81 corridor."

Explanation:

(This amendment authorizes the Governor to utilize up to \$2.0 million from the unappropriated balance to attract a research-related entity to the Commonwealth along I-81.)

Transfers

Interfund Transfers

Language

Language:

Page 476, line 17, strike the first "\$490,679" and insert "\$580,679".

Page 476, line 17, strike the second "\$490,679" and insert "\$580,679".

Explanation:

(This amendment corrects a technical error in House Bill 30 as introduced to properly reflect the amounts directed to the Virginia Wine Board under the Department of Agriculture and Consumer Services.)

Natural Resources

Department Of Conservation And
Recreation

Language

Language:

Page 317, after line 34, insert:

"J. The Director of the Department of Conservation and Recreation, at his discretion, is authorized to accept on behalf of the Commonwealth a gift of property known as Grand Caverns Park from the Upper Valley Regional Park Authority. This property is to be developed into a state park and the existing facilities are to be demolished or upgraded to the Division of State Parks' standards when a source of funding has been identified for these purposes. The Director is authorized to make the necessary upgrades to the park facilities to meet Division of State Parks' standards, as funding is available."

Explanation:

(This amendment facilitates the transfer of the Grand Caverns Park from the Upper Valley Regional Park Authority to the Department of Conservation and Recreation.)