

Commerce and Trade

Proposed Adjustments as Introduced (\$ in millions)				
	FY 2013 Proposed		FY 2014 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2012-14 Base Budget, Ch. 890	\$173.4	\$963.4	\$173.4	\$963.4
Proposed increases	60.3	6.8	43.0	2.4
Proposed decreases	(38.6)	(135.7)	(40.8)	(236.9)
\$ Net Change	21.7	(128.8)	2.3	(234.6)
HB/SB 30, as Introduced	\$195.1	\$834.6	\$175.7	\$728.8
% Change	12.5%	(14.7%)	1.3%	(24.4%)
FTEs	374.83	1,284.17	374.83	1,284.17
# Change	2.00	0.00	2.00	0.00

- **Economic Development Incentive Payments**

- ***Incentive Payments Holding Account.*** Provides \$69.3 million GF and \$535,000 NGF in FY 2013, and \$64.7 million GF and \$375,000 NGF in FY 2014 for economic development programs administered by the Virginia Economic Development Partnership and the Virginia Tourism Authority. The following programs are included in this account:
 - ***Governor’s Development Opportunity Fund.*** Proposes \$11.8 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 as compared to the FY 2010-12 biennium.
 - ***Commonwealth Research Commercialization Fund.*** Provides \$10.0 million GF each year for research and commercialization of emerging technologies. This action provides a continued annual appropriation for this new Fund created in the 2011 Session of the General Assembly at the FY 2012 levels.
 - ***Major Eligible Employer Performance Grants.*** Provides \$5.0 million GF each year for performance-based grants due to major employers who have met investment and job creation requirements.

- ***Semiconductor Manufacturing Performance Grants.*** Provides \$5.4 million GF each year for payments due to Micron Technologies under the Semiconductor Memory or Logic Wafer Manufacturing Grant Program. These amounts reflect the payment schedule stipulated in the *Code of Virginia*.
- ***Governor's Motion Picture Opportunity Fund.*** Recommends \$3.5 million GF and \$375,000 NGF each year for performance-based incentive payments to attract film industry production activity to the Commonwealth. The source of the nongeneral funds is from the digital media fee, which is a surcharge established by the 2009 General Assembly on in-room video services at hotels and motels. The general fund amount reflects an increase compared to the FY 2010-12 biennium of \$4.0 million GF.
- ***Virginia Investment Partnership Grants.*** Proposes \$3.0 million GF and \$160,000 NGF in FY 2013 and \$5.3 million GF in FY 2014 for the Virginia Investment Partnership Grant Program. The payments are based on negotiated grants awarded to select projects that invest in Virginia and promote stable or growing employment opportunities. The selected companies must meet the investment and job creation criteria required by the performance agreements and the level of funding is based on when agreed-upon payments are due.
- ***Aerospace Engine Facility Incentive Payments.*** Provides \$9.3 million GF in FY 2013 and \$10.4 million GF in FY 2014 to fund the anticipated payments required in the *Code of Virginia* for the Rolls-Royce aeroengine facility in Prince George County. The payments include funding for higher education and job creation grants.
- ***Advanced Shipbuilding Training Facility Grant.*** Provides \$5.0 million GF each year for the first installment of payments pursuant to a memorandum of understanding between the Commonwealth, Huntington Ingalls, Inc. and the Newport News Industrial Development Authority as provided for in the *Code of Virginia* for the construction of a new apprenticeship training school.
- ***SRI International Incentive Payment.*** Provides \$1.0 million GF in FY 2013 for the final payment required by the *Code of Virginia* to SRI International, an independent, nonprofit research institute, which established its Center for Advanced Drug Research in Harrisonburg.
- ***Virginia Economic Development Incentive Grant (VEDIG) Program.*** Provides \$800,000 GF the first year and \$1.3 million GF the second year for payments due to companies that have met investment and job creation criteria required by VEDIG performance agreements.

- ***Base Realignment and Closure.*** Recommends \$7.5 million GF in FY 2013 for the City of Virginia Beach for matching local funds for costs related to the base realignment and closure process in a continued effort to avoid the relocation of the U. S. Navy Master Jet Base to another state. No funding is provided in FY 2014.
- ***Implement Life Sciences Initiative.*** Proposes \$5.0 million GF each year for a new initiative to provide funding for a research consortium to be comprised of UVA, VCU, VT, GMU and EVMS. The consortium will contract with private entities, foundations and other government sources for research in the biosciences. Up to \$500,000 of the funding may be used for administrative expenses of the consortium.
- ***Implement Advanced Manufacturing Initiative.*** Proposes \$2.0 million GF the first year for grants to localities for site development for prospective Major Employment and Investment Projects and \$2.0 million GF the second year to supplement efforts currently underway at the Commonwealth Center for Advanced Manufacturing.

- **Department of Business Assistance**

- ***Small Business Financing Authority.*** Provides \$380,588 NGF each year to support the salaries of six positions with the Authority. The source of the nongeneral funds is from fees and interest earnings from small business loan programs.
- ***Eliminate DBA Media Program.*** Proposes a reduction of \$83,000 GF each year and one FTE by eliminating the agency’s filming function

- **Department of Housing and Community Development**

- ***Fort Monroe Authority.*** Provides \$6.2 million GF in FY 2013 for the Fort Monroe Authority for operating funding as the Authority oversees the transition of the former Army base. The Authority is responsible for preservation, conservation, maintenance and reuse of the property, which officially transferred to ownership of the Commonwealth on September 30, 2011. A corresponding amendment in Capital Outlay provides \$2.0 million GF each year for maintenance reserve through the Department of General Services. No funding is provided for the Authority in FY 2014.
- ***Southwest Virginia Cultural Heritage Foundation.*** Provides \$250,000 GF in the first year for operation of the Heartwood Artisan Center. Includes language directing the foundation to develop a plan for the center to become self-sufficient and submit the plan to the Governor by October 2012.
- ***General Fund Support to Programs for the Homeless.*** Provides \$1.0 million GF the first year to reduce homelessness through creation of permanent supportive housing and \$500,000 GF the first year for rapid re-housing assistance. These new

initiatives are proposed in support of the findings of the Governor's Housing Policy Group which has recommended refocusing housing efforts from short-term homeless shelters to long-term solutions.

- ***Reduce Funding for Enterprise Zone Grants.*** Proposes a reduction of \$1.5 million GF each year from the Enterprise Zone Grant Program. Due to program revisions adopted by the 2010 General Assembly combined with slowed economic conditions the number of eligible claims has been reduced and no pro-ration was required this past year. This will leave \$14.1 million GF available for grants each year.
- ***Eliminate Funding for Research and Development Grant Program.*** Proposes to reduce funding by \$137,500 GF the first year (a 50 percent reduction) and by \$275,000 GF in the second year, which will eliminate state support for the program located in the Lynchburg area to support the nuclear industry. The purpose of the program was to provide seed funding to strengthen significant industry clusters through product and process design innovations using applied research.

- **Department of Labor and Industry**

- ***Expand Virginia Voluntary Protection Program.*** Proposes \$730,700 NGF each year and 8 FTE positions to expand the program, which is designed to assist businesses and government agencies in improving occupational safety and health protections through voluntary and cooperative efforts.
- ***Eliminate Wage Section of the Labor and Employment Law Division.*** Proposes a reduction of \$220,206 GF the first year and \$308,206 GF the second year and elimination of 6 FTE positions through elimination of the wage employment section. Assistance with wage and employment disputes would need to be provided either through the court system or from the U.S. Department of Labor.
- ***Turnover and Vacancy Savings and Discretionary Expenses.*** Proposes a reduction of \$154,103 GF each year to be achieved through not filling vacant positions and a reduction of \$88,000 GF the first year from reducing discretionary expenditures.

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

- ***Offshore Wind Research.*** Provides \$500,000 GF the first year for offshore wind research and development to accelerate and assist private development of wind energy projects, continuing the funding levels authorized for this activity in FY 2012.
- ***Gas and Oil Worker Safety.*** Proposes \$300,000 GF each year to offset a decline in nongeneral fund revenue for oversight of gas and oil worker public safety programs.

- *Shift Costs to Nongeneral Fund Sources.* Proposes a reduction of \$367,848 GF each year to be replaced with the same amount of NGF from federal grants, indirect cost recoveries and permit fee revenues.
- **Department of Professional and Occupational Regulation**
 - *Increase Staff Support for Real Estate Board.* Includes \$103,578 NGF in FY 2013 and \$115,522 NGF in FY 2014 and 1 FTE position to address increased workloads. The nongeneral funds come from existing fees paid by real estate agents.
- **Virginia Economic Development Partnership**
 - *Expand International Marketing.* Proposes an additional \$1.0 million GF the first year to expand international marketing efforts in Europe, Japan, China and India.
 - *Implement Regional Marketing Initiative.* Provides \$500,000 GF the first year to expand a pilot program in which VEDP staff work with regional economic development organizations to develop region-specific economic development strategies.
 - *Funding for Brownfields Restoration.* Provides \$628,634 GF each year for the Brownfields Restoration and Economic Development Fund. The 2011 General Assembly provided \$1.0 million for this purpose in FY 2012. Because demand has not been met yet, the caboose bill includes the reversion of \$371,366 in FY 2012, leaving the amount in the base proposed for each year of the new biennium.
 - *Reduce Discretionary Expenditures.* Reduces funding by \$218,848 GF each year to reflect agency savings of discretionary expenditures.
 - *Eliminate Virginia National Defense Industrial Authority.* Included in Central Appropriations is a proposal to eliminate VNDIA pursuant to the recommendations of the Governor’s Reform Commission, resulting in savings of \$342,851 GF the first year and \$395,251 GF the second year.
- **Virginia Employment Commission**
 - *Unemployment Insurance Benefits.* Recommends reducing the appropriation for unemployment insurance benefits by \$110.6 million NGF in FY 2013 and \$196.9 million NGF in FY 2014 based on projected unemployment rates.
 - *Funding for Interest Payment.* Provides \$4.1 GF and \$4.1 NGF in the first year for the interest payment owed on federal loans for unemployment insurance benefits. The source of the nongeneral fund is from a proposed administrative surcharge on the employer tax of \$1.36 for each employee for calendar year 2013.

- *Reduction in Federal Funds.* Reduces the appropriation by \$13.5 million NGF in the second year to reflect expiration of federal funding under the American Recovery and Reinvestment Act and a reduction in workload.

- **Virginia Tourism Authority**

- *Increase Advertising and Marketing Funds.* Proposes an increase of \$1.0 million GF each year to expand electronic marketing and invest in research and tourism development. Strikes language directing where advertising funds are to be spent so that funding will be awarded on a competitive basis. Previously amounts had been dedicated to the “See Virginia First” cooperative advertising program with the Virginia Association of Broadcasters.
- *Increase Marketing Grants.* Proposes an increase of \$575,000 GF each year to increase matching grant funds provided to local and regional tourism entities, increasing total funding available for these grants to \$2.0 million GF each year.
- *Virginia Sports Hall of Fame.* Proposes \$500,000 GF the first year for the City of Portsmouth to support the Virginia Sports Hall of Fame.
- *Eliminate Funding for Daniel Boone Visitor Center.* Reduces funding by \$50,000 GF the first year and \$100,000 GF the second year to phase out support for the Visitor Center.
- *Eliminate Funding for Coalfield Regional Tourism Authority.* Reduces funding by \$22,500 GF the first year and \$45,000 GF the second year to phase out support for the Authority.

- **Virginia Racing Commission**

- *Increase Funding for Breeders’ Fund.* Proposes an increase of \$100,000 NGF each year for the Virginia Breeders’ Fund from advanced deposit account wagering resulting from implementation of Chapter 142 of the 2009 Acts of Assembly.