

Commerce and Trade

Amendments, as adopted, for Commerce and Trade in the 2010-12 biennium total \$333.2 million, an increase of \$23.6 million compared to Chapter 874 of the 2010 Acts of Assembly. This total includes reductions of \$13.9 million GF offset by new spending of \$37.5 million GF. Also included is the appropriation of \$2.1 billion NGF, comprised largely of federal and unemployment insurance trust fund revenues for the Virginia Employment Commission.

Much of the general fund increase comes from recommendations of the Governor's Commission on Economic Development and Job Creation. Out of these recommendations, the 2011 General Assembly approved the following: \$10.0 million GF for investment in research and commercialization; \$5.0 million GF to recapitalize small business loan programs; \$3.5 million GF for enterprise zone grants; \$3.0 million GF for rehabilitation of derelict structures; \$2.0 million GF to expand tourism marketing; \$2.0 million GF for the Governor's Motion Picture Opportunity Fund; \$500,000 GF for the Main Street Program; and, \$200,000 GF for regional economic development efforts.

An increase of \$2.4 million GF is provided for existing incentive grants, and an additional \$1.9 million GF is provided for operations of the Fort Monroe Authority in FY 2012 to continue the transition of the fort from the U. S. Army to the Commonwealth. Also, \$1.0 million GF is provided in FY 2012 for the restoration and redevelopment of brownfield sites.

Other approved increases in Commerce and Trade include \$3.0 million NGF in FY 2012 for interest payments, should they be required, to the federal government on loans used to pay mandatory unemployment compensation due to a shortfall in the state's unemployment insurance trust fund. Language requires the Virginia Liaison Office to work with the Congressional delegation to seek deferral of the interest payments, but also provides a contingent appropriation of an additional \$8.9 million if the interest is not deferred.

Reductions approved in Commerce and Trade include \$5.5 million GF that had been provided for the Ignite Institute project by the 2010 General Assembly. The project did not receive other required funding and therefore these funds will not be needed. Other reductions include a \$2.4 million GF reduction in FY 2012 for wet laboratory space; \$1.1 million GF in turnover, vacancy and information technology savings; and, \$300,000 GF in biofuel productions grants.

- **Economic Development Incentive Payments**
 - ***Research and Technology Investment Funding.*** Provides \$10.0 million GF in FY 2012 to foster the development and commercialization of research-based technologies. From this amount, \$4.0 million is deposited to the Center for Innovative Technology's GAP fund and \$6.0 million is deposited to the Commonwealth Research and Commercialization Fund (CRCF). Of the amount provided for the CRCF, \$2.0 million is to be used for the Small Business Innovation Research Matching Fund.

- ***Semiconductor Manufacturing Performance Grants.*** Provides an additional \$1.6 million GF to Micron in FY 2012 to pay phase 3 semiconductor memory or logic wafer manufacturing performance grants based on revised production estimates.
- ***Virginia Investment Partnership Grant Program.*** Provides an additional \$751,948 GF in FY 2012 to meet commitments to businesses that have met previously agreed upon job creation and capital investment benchmarks.
- ***Aerospace Engine Facility Incentive Payments.*** Shifts \$3.0 million GF from FY 2011 to FY 2012 for the Rolls-Royce aerospace engine facility in Prince George County based on revised construction and hiring schedules.
- ***Governor’s Motion Picture Opportunity Fund.*** Provides an additional \$2.0 million GF in FY 2012 for grants to entice major productions to film in Virginia.
- ***Base Realignment and Closure.*** Language provides a contingent appropriation of \$7.5 million in FY 2012 from FY 2011 general fund agency balances or above forecast general fund revenues for the City of Virginia Beach to match 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 at Oceana to another state.
- ***Ignite Institute.*** Removes \$5.5 million GF in FY 2012 that had been provided for Project Ignite. The project was unsuccessful in obtaining other required funding sources and will not be moving forward.
- ***Biofuels Production Fund.*** Reduces funding for the Biofuels Production Fund by \$300,000 GF in FY 2012. Due to delays in construction, the Osage biofuel production facility in Hopewell will not meet the production level necessary to qualify for the full amount of the grant.

- **Board of Accountancy**

- ***Increased Operating Expenses.*** Provides an additional \$187,563 NGF in FY 2011 and \$312,451 NGF in FY 2012 for increases in operating expenses including technology and personnel costs. The source of the nongeneral funds is licensing fees paid by accountants.

- **Department of Business Assistance**

- ***Small Business Financing Authority.*** Provides an additional \$5.0 million GF in FY 2012 for the Loan Guarantee, Capital Access, and State Economic Loan funds administered by the Authority to assist small business in obtaining financing. Language also authorizes the Authority to expand the outstanding amounts for the Loan Guarantee program subject to certain conditions.

- ***Restore Administrative Cuts.*** Restores \$370,000 GF in FY 2012 in anticipated savings that were to be achieved through administrative efficiencies in the Department.

- **Department of Housing and Community Development**

- ***Industrial Site Revitalization.*** Provides \$3.0 million GF in FY 2012 to be deposited to the Virginia Removal or Rehabilitation of Derelict Structures Fund to support industrial site revitalization. The fund provides grants to localities for the acquisition, demolition, removal, rehabilitation, and repair of derelict structures.
- ***Fort Monroe Authority.*** Provides \$1.9 million GF in FY 2012 for the Fort Monroe Authority. Legislation enacted in 2007 and amended by the 2010 General Assembly provides for the conveyance of Fort Monroe to the Authority, which is tasked with implementing a reuse plan for Fort Monroe after the U. S. Army leaves the facility in September 2011 as part of the base realignment and closure process. A companion amendment in Capital Projects provides \$2.0 million in bond financing through the Department of General Services for building and utility repairs needed as part of the reuse plan.
- ***Enterprise Zone Grants.*** Provides an additional \$3.5 million GF in FY 2012 for the Virginia Enterprise Zone Program, bringing total available grants to \$15.6 million. The program, which provides real property investment and job creation grants for qualified projects located in economically disadvantaged areas, has been consistently over-subscribed. Most recently grants have been prorated at 62 cents for each dollar of qualified projects. The additional funding will increase the grants significantly, but still provide less than 100 percent.
- ***Virginia Main Street Program.*** Provides additional funding of \$500,000 GF in FY 2012 to promote economic development and revitalization of historic downtowns and neighborhood commercial districts.
- ***Southeast Rural Community Assistance Project (RCAP).*** Provides an additional \$300,000 GF in FY 2012 for the RCAP program to provide funding for drinking water and wastewater services for low-income rural residents across the state.
- ***Planning District Commissions.*** Adds \$232,869 GF in FY 2012 to provide an additional 15 percent funding increase for each Planning District Commission, partially restoring prior-year budget cuts.
- ***Appalachian Regional Commission.*** Increases funding by \$64,930 GF each year to fund an increase in dues for the Appalachian Regional Commission.
- ***Reduce Funding for Indoor Plumbing Program.*** Reduces funding by \$295,206 GF in FY 2012, which represents a 12.4 percent decrease in state funding for the indoor plumbing program. Available federal funding for the program does not require a state match.

- ***Nonpersonal Services Savings.*** Reduces funding by \$200,000 GF in FY 2011 and \$211,224 GF in FY 2012 that had been provided for one-time expenses such as furnishings and employee parking related to the recent relocation of the Department’s offices.
- ***Child Service Coordinator Program.*** Reduces funding by \$166,547 GF in FY 2012 for a child service coordination referral system in domestic violence and homeless shelters serving children. This represents about one-third of available funding for these services.

- **Department of Labor and Industry**

- ***Eliminate Apprenticeship Fee.*** Provides an increase of \$253,550 GF in FY 2012 and a reduction of \$235,550 NGF in FY 2012 in order to eliminate an annual \$55 participation fee, which had been approved during the 2010 Session. The agency did not implement the fee in FY 2011, but instead used other agency funding to support the program.
- ***Recruitment and Related Expenses.*** Proposes savings of \$64,930 GF in FY 2011 through delaying recruitment of staff and related expenses in regional offices.
- ***Reduced Office Space Costs.*** Reduces funding by \$59,000 GF in FY 2012 from savings to be achieved through reducing office space at the agency’s Richmond headquarters.

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

- ***Dominion Power Rebate.*** Provides \$924,934 GF in FY 2011 in pass-through funding to reimburse five nonstate entities for their share of the Virginia Dominion Power rebate that had been included in the state rebate but must be returned to the entities that paid for those services.
- ***Restore Reduction for Coal Mine Safety.*** Restores funding of \$750,000 GF in FY 2012 for the coal mine safety operating budget which had been reduced by the 2010 General Assembly in Chapter 874. This funding will allow DMME to support mine inspector and technician positions, purchase firefighting equipment, and increase the frequency of mine inspections.
- ***Offshore Wind Development Authority.*** Includes language authorizing the Governor to transfer up to \$500,000 the second year from existing funding in the Governor’s Development Opportunity Fund to DMME for pass-through funding to the Offshore Wind Development Authority.
- ***Solar Photovoltaic Manufacturing Incentive Grant.*** Provides \$74,000 GF in FY 2012 for a grant to a company located in Danville that will be entitled to the grant based on the combined watts of rated capacity of solar panels sold annually, pursuant to § 45.1-392 of the *Code of Virginia*.

- ***Transfer Natural Gas Management Position.*** Includes a reduction of \$80,255 GF in FY 2011 and \$95,978 in FY 2012 to be replaced with the same amounts of nongeneral funds by transferring a position responsible for the state natural gas management contract to related nongeneral fund sources.
- ***Vacant IT Support Positions.*** Captures savings of \$62,000 GF in FY 2012 by not filling a vacant IT support position.
- ***Energy Savings Position.*** Includes a reduction of \$34,000 GF in FY 2012 to be replaced with the same amount in nongeneral funds by transferring funding for a state agency energy savings position to a federal grant.
- ***Reduce General Fund Operating Costs.*** Provides a savings of \$21,197 GF in FY 2011 and \$10,925 GF in FY 2012 from reducing discretionary operating costs in the Divisions of Energy and Geologic and Mineral Resource Investigations.
- ***Energy Contracts, Grants and Loans.*** Language authorizes DMME to add a surcharge to state fuel oil, natural gas, and similar energy contracts to cover the actual costs of administering those statewide contracts. DMME has been doing this for several years, so this amendment only clarifies existing practice.
- **Department of Professional and Occupational Regulation**
 - ***VITA Rate Increase.*** Increases the agency’s appropriation by \$387,734 NGF in FY 2012 to reflect an increase in expenses for information technology rates paid to VITA, which will be covered through existing nongeneral fund balances.
 - ***Common Interest Community Management Board.*** Provides an additional appropriation of \$234,172 NGF in FY 2012 to adjust the current revenues derived from the existing fees paid to the program from condominium, timeshare, and community associations. Also recognizes revenues from licensing fees that are set to increase in July 2011.
- **Virginia Economic Development Partnership**
 - ***Brownfields Restoration and Economic Development Fund.*** Provides \$1.0 million GF in FY 2012 for the restoration and redevelopment of brownfield sites to address environmental problems or obstacles to reuse of brownfield properties.
 - ***Workforce Workgroup Recommendations.*** Provides \$300,000 GF in FY 2012 from existing VEDP funding to implement the findings of a workgroup headed by VEDP. Out of these amounts, \$150,000 is provided for the Shenandoah Valley Partnership and Workforce Investment Board. The remaining \$150,000 is to be used to coordinate industry-specific training at Blue Ridge Community College.

- ***Virginia-Israeli Advisory Board.*** Provides \$43,279 GF in FY 2012 from existing VEDP funding to the board to support the Governor’s planned trade mission to Israel.
- ***Restore Administrative Cuts.*** Restores \$697,997 GF in FY 2012 in anticipated savings approved by the 2010 Session, which were to be achieved through administrative efficiencies in the Partnership.
- ***Regional Economic Development Collaboration.*** Provides \$200,000 GF in FY 2012 for targeted incentives to encourage local economic development offices to cooperate within regions on collaborative efforts.
- ***Commercial Space Flight Authority.*** Transfers funding for the Virginia Commercial Space Flight Authority to nongeneral fund sources in the Department of Aviation, resulting in a savings of \$1.4 million GF in FY 2012.
- ***Biotechnology Wet-Laboratory Program.*** Reduces funding for the Virginia Biotechnology Wet-Laboratory Program by \$1.5 million in FY 2011 and \$600,000 in FY 2012.
- ***Turnover and Vacancy Savings.*** Reduces funding for VEDP by \$80,477 in FY 2012 by capturing the savings from maintaining vacant positions.
- ***Reduce IT Costs.*** Provides savings of \$25,000 GF in FY 2012 by reducing the agency’s information technology costs.
- ***Virginia National Defense Industrial Authority.*** Includes savings of \$8,066 GF in FY 2012, representing a 2 percent cut in VNDIA funding.

- **Virginia Employment Commission**

- ***Unemployment Insurance Benefit Interest Payment.*** Includes language requiring the Virginia Liaison Office to work with the Congressional delegation to seek deferral of interest owed to the federal government by September 2012 on loans that were necessary to pay mandatory unemployment compensation benefits. These interest payments were deferred by Congress for amounts borrowed in 2010. In the event that Congress does not defer the interest payments, a contingent appropriation of \$8.9 million is provided in FY 2012 from either general fund revenues in excess of the official forecast or discretionary general fund agency balances. Also, \$3.0 million NGF is provided if the interest payments are not deferred. The source of the \$3.0 million NGF is from penalties and interest collected from VEC on overpayments. Language is also included to express the intent that a sufficient appropriation, estimated at \$8.3 million, be provided in FY 2013 if additional interest payments are due to the federal government by September 2013. No additional interest is anticipated to be owed after 2013, because any loans repaid within the same federal fiscal year are interest free.

- ***FTE Positions.*** Includes language in § 4-7.01.d.5 of the adopted budget that allows the number of FTE positions in VEC to fluctuate depending on workload and funding availability. This language allows VEC to hire additional staff to process an unprecedented number of unemployment claims, increase job placement assistance, and improve accountability of unemployment insurance payments. Any positions that are hired using this provision would not be eligible for the transitional severance benefit provisions of the Workforce Transition Act.

- **Virginia Tourism Authority**

- ***Expand Tourism Marketing Grant Fund.*** Provides an increase of \$2.0 million GF in FY 2012 to expand grants to regional and local tourism authorities to support their efforts to promote tourism.
- ***Funding for Outdoor Advertising Association.*** Provides \$85,500 GF in FY 2011 and \$70,965 GF in FY 2012 from existing agency funding for the cooperative advertising program operated by the Outdoor Advertising Association of Virginia.
- ***Eliminate Funding for Public TV and Radio Advertising.*** Provides a savings of \$150,000 GF in FY 2012 by eliminating funding that was dedicated to tourism promotion advertising on Public TV and radio.
- ***Reduce Funding for Radio and Television Advertising.*** Reduces funding by \$100,000 GF in FY 2012 for purchasing media buys in the Washington, D.C., and Baltimore, Maryland markets.
- ***Reduce Funding for the Virginia Association of Public Television and Radio.*** Eliminates funding of \$50,000 GF in FY 2012 for tourism promotion through the Virginia Association of Public Television and Radio. Language also proportionally reduces the required match from the Association.
- ***“See Virginia First” Program.*** Includes a reduction of \$15,130 GF in FY 2012 from a public-private partnership with the Virginia Association of Broadcasters.