



# Commerce and Trade



# HB 29: Commerce and Trade

- The caboose bill amendments within the agencies in Commerce and Trade reflect net GF reductions of \$4.4 million
- This includes reductions of \$7.6 million from the Governor's September 2009 reduction plan, or about 7% of the Secretariat's Chapter 781 GF base of \$114.2 million
- Reductions are offset by \$3.2 million in GF spending to backfill ARRA funds
  - The Governor proposes supplanting the ARRA funds included in Commerce and Trade with general fund support
  - The proposed fund swap is part of a larger strategy to increase ease of administration in the use of ARRA state fiscal stabilization funds by using the full \$109.5 million for FY 2010 for just one item and backfilling the other items funded with this appropriation in Chapter 781 with GF revenues
- Also included in Central Accounts related to economic development is \$2.0 million GF for SRI in Harrisonburg



# HB 30: Commerce and Trade

- The proposed Commerce and Trade budget for the FY 2010-2012 biennium totals \$279.3 million GF, an increase of \$51.0 million GF compared to the Chapter 781 base
  - This reflects biennial spending of \$71.6 million, offset by reductions of \$20.7 million GF
- Most of the net general fund increase is accounted for by the creation of a new “agency” – Economic Development Incentive Payments – with funding of:
  - \$38.6 million GF in FY 2011
  - \$43.9 million GF in FY 2012
- Item also includes language authorizing the use of up to \$5.0 million in GOF recoveries to support site improvements related to the Rolls Royce location in Prince George County



# HB 30: Economic Development Incentives Payments

- This “agency” is established as a holding account for economic incentive funds that previously had been funded in the Secretary’s Office, at VEDP, VTA and in Central Appropriations. It includes:
  - \$11.8 million each year for the GOF
  - \$20.3 million over the biennium for Rolls Royce
  - \$7.5 million each year for the retention of Oceana/BRAC
  - \$5.5 million in FY 2012 for a new incentive for the Ignite Institute
  - \$5.4 million over biennium for semiconductor grants to Micron
  - \$5.0 million for MEI grants in FY 2012
  - \$4.6 million in VIP grants over the biennium
  - \$3.0 million for SRI in FY 2011
- The majority of this is either level funding of existing programs (e.g. the Governor’s Opportunity Fund) or funding to meet commitments already established in Code (Rolls Royce, semiconductor grants, VIP grants etc.)



# HB 30: Commerce and Trade Agencies

- Virginia Economic Development Partnership
  - Proposes new spending of \$1.3 million each year to support the operations of the Commercial Space Flight Authority
  - Reductions limited to technical adjustments and continuing the 10% reductions contained in the September 2009 Plan, which totaled about \$1.5 million each year
- Virginia Tourism Authority
  - Amendments limited to technical adjustments and continuing the 10% reductions contained in the September 2009 Plan, which totaled \$1.6 million each year
- Department of Business Assistance
  - Technical adjustments and the continuation of the September reduction plan results in savings of \$1.1 million over the biennium
  - The majority of the savings relate to eliminating 3 vacant positions and creating administrative efficiencies
  - Funding for the VJIP program total \$7.9 million each year, \$500,000 below the Chapter 781 funding levels



# HB 30: Commerce and Trade Agencies

- Department of Housing and Community Development
  - Continues the September 2009 reduction actions for savings of \$3.9 million each year including:
    - Reduce Enterprise Zone Grants: \$2.0 million over the biennium
      - Annual appropriation reduced to \$12.15 million year
    - Reduce Southwest and SERCAP water grants: \$1.7 million over the biennium
    - Reduce homeless prevention and shelter improvement grants: \$1.2 million over biennium
    - PDC support reduced and supplemental grants eliminated: \$1.2 million over biennium
    - Reduce Indoor Plumbing support: \$1.0 million over biennium



# HB 30: Commerce and Trade Agencies

- Department of Housing and Community Development (continued)
  - Backfills \$4.9 million in annual TANF grants that had been used for homelessness programs with \$3.2 million GF in FY 2011 and \$4.4 million GF in FY 2012
  - Provides pass-through grant of \$2.2 million GF in the first year only for the Fort Monroe Federal Area Development Authority
  - Includes language requiring DHCD to give preference to projects that support the principles of sustainable community development as set out in the sub-cabinet for community investment both for federal HOME projects, ARC and CDBG funds



# HB 30: Commerce and Trade Agencies

## ■ Department of Labor and Industry

- Technical adjustments and the continuation of the September 2009 reduction plan results in savings of \$232,370 each year
- Language authorizes a \$55 annual fee for the apprenticeship program. Revenues would offset GF appropriations for the agency estimated at approximately \$250,000 each year
- Language increases the boiler inspection fee from \$20 to \$30. Revenues from this fee flow to the general fund and the increase would generate \$350,000 each year





# HB 30: Commerce and Trade Agencies

## ■ Department of Mines, Minerals and Energy

- Continues the September reduction plan for a savings of \$824,640 GF in the first year and \$745,152 in the second year
- Reduces the annual GF appropriation by \$320,000 each year which is backfilled with revenues assumed to be generated from a new \$50 annual fee for gas and oil well permit renewals. Separate legislation would authorize this fee
- Reduces the annual GF appropriation by \$108,620 each year which is backfilled with revenues assumed to be generated from an increase in the coal and mineral mine safety fee. Separate legislation would authorize this increase
- Includes language expressing the intent of the General Assembly to provide funding for any company with qualifying sales in calendar year 2010 that meets the requirements of the biofuels incentive fund
  - Grant equals \$0.10 per gallon of neat biofuels sold during the year



# Agriculture and Forestry



# HB 29: Agriculture and Forestry

- The caboose bill amendments within the Departments of Agriculture and Consumer Services and Forestry reflect GF reductions of \$3.9 million, all of which were included in the Governor's September 2009 reduction plan
  - This is a reduction of about 9% from a base of \$45.0 million GF
- VDACS
  - \$2.3 million of GF savings, offset by \$205,708 of NGF increases
  - Includes the elimination of 22 FTE positions, 12 of which resulted in lay-offs
  - Remaining savings were generated by reducing discretionary expenditures as well as targeted reductions which eliminate state funding for coyote control, and reductions to farmland preservation programs and support for agricultural education
- Department of Forestry
  - \$1.6 million of GF savings, including the elimination of 8 vacant positions
  - Actions relate to limiting discretionary expenditures as well as deferring equipment purchases
  - Also reduces the GF match for the Reforestation of Timberlands program by \$400,000



# HB 30: Department of Agriculture and Consumer Services

- Generates savings for \$2.0 million GF in FY 2011 and \$2.9 million in FY 2012 by continuing September 2009 savings and by shifting certain costs to NGF support. Also included is the elimination of 3 positions in agricultural education at Virginia Tech
- Proposes language authorizing the establishment of a \$17.50 per device fee for the annual inspection of weights and measures
  - Generates \$2.1 million NGF each year
  - Funds are not used to supplant GF support for the program but expand it to allow for more frequent inspections
- Transfers responsibility for inspection of interstate meat and poultry processing plant to the USDA
  - Generates savings of \$200,313 GF in FY 2011 and \$1.0 million in FY 2012
  - VDACS would continue to inspect plants that ship only within the state
- One spending amendment proposes \$135,000 GF in the first year and \$95,000 in the second year to provide disaster recovery services for the food inspection system to address findings of the Auditor of Public Accounts



## HB 30: Department of Forestry

- In FY 2011 continues all the reduction strategies announced in September 2009 for a savings of \$1.6 million
- In FY 2012, the number of cuts are reduced, leaving savings of \$1.4 million
  - Proposes to reduce the cut to the Reforestation of Timberlands Program to \$250,000 in the second year