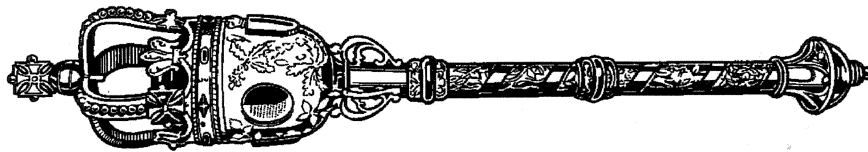


*Report of the
House Appropriations
Subcommittee*

on

*Economic Development, Agriculture
and Natural Resources*



House Bill 1600

February 8, 2009

REPORT OF THE SUBCOMMITTEE
on
ECONOMIC DEVELOPMENT, AGRICULTURE
AND
NATURAL RESOURCES

Mr. Chairman and Members of the Committee:

We recognize that in these times of fiscal constraints, we must scrutinize all of our spending and make the difficult decisions, but at the same time we must protect and enhance programs that generate revenues to support other government activities.

Again this year Virginia has been named the Best Place to Do Business. And in the midst of many lay-offs and company reductions we have been blessed to have continued to attract new businesses to locate and expand in the Commonwealth. Just this year we have announcements or expansions from Northrup Grumman, AREVA, Canon, Orbital, Goodyear, and just this week, Hilton International. To support the continued attraction of business expansions across all regions of the Commonwealth, the Subcommittee recommends fully funding the proposed increase in the Governor's Opportunity Fund, providing an additional \$1.5 million in funding for the Virginia Jobs Investment Program and restoring \$500,000 (50 percent) cut from the Virginia Economic Development Partnership.

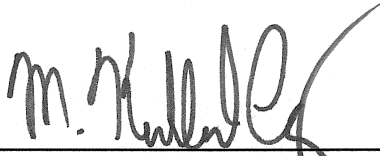
Second, the Subcommittee concluded that the state's tourism industry is a key component of the state's economy on which we must place renewed focus. In 2007 Virginia tourists generated \$18.7 billion in visitor spending and supported more than 200,000 jobs across the Commonwealth. As the full committee heard last month, tourism is an instant revenue generator – something sorely needed in this time of unprecedented declines in consumer spending.

The subcommittee recommends providing the Virginia Tourism Corporation an additional \$3.0 million for focused efforts to advertise Virginia's attractions in key markets and leverage private sector expenditures to market the many wonderful cultural, historical, and scenic sites across the Commonwealth. These funds will allow the VTC to focus efforts on some of the growing segments of Virginia's tourism market, including history and music-themed tours, as well as to effectively fund film incentives.

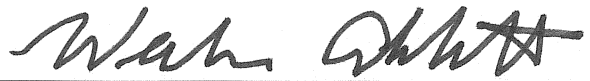
Finally, I want to take just a moment to mention one funding item within the area of Natural Resources. This subcommittee focused on the protection of the Commonwealth's environment. In keeping with that focus, the subcommittee recommends providing \$20 million for the implementation of agricultural best management practices through the Virginia Natural Resources Commitment Fund.

Mr. Chairmen and fellow Committee members, I will ask staff to take you through our detailed recommendations, and then I hope it will be your pleasure to adopt our subcommittee report.

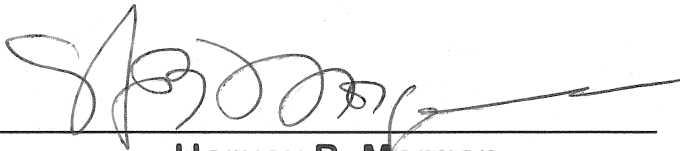
Respectfully Submitted by the House Appropriations Subcommittee
on Economic Development, Agriculture & Natural Resources:



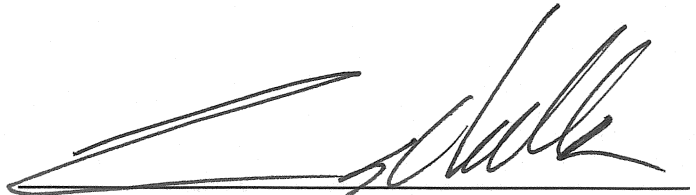
M. Kirkland Cox, Chairman



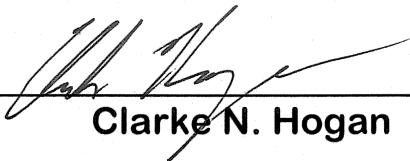
Watkins M. Abbitt, Jr.



Harvey B. Morgan



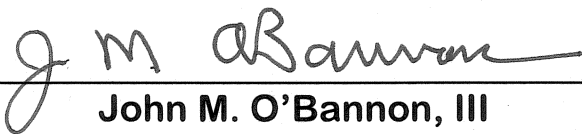
Clarence E. Phillips



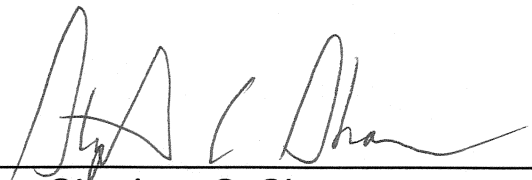
Clarke N. Hogan



Rosalyn R. Dance



John M. O'Bannon, III



Stephen C. Shannon

Budget Amendment Recommendations

HB 1600	2008-10 BIENNIAL TOTAL		
<u>Amendment</u>	General <u>Fund</u>	Nongeneral <u>Fund</u>	<u>FTE</u>

COMMERCE & TRADE

Department Of Business Assistance

Virginia Jobs Investment Program 1,500,000

Department Of Housing And Community Development

FMFADA Electronic Meetings Language

Department of Labor and Industry

Move Reduction to 7% (537,030)

Department of Mines, Minerals and Energy

Eliminate Funding for New Incentive Proposed (2,000,000)

Virginia Economic Development Partnership

Eliminate Expired VASCIC Language Language

Restore Portion of VEDP Reduction in Second Year 500,000

Virginia Tourism Authority

Expand Tourism Marketing and Film Initiatives 3,000,000

NATURAL RESOURCES

Department of Conservation and Recreation

SWCD Computer System Upgrade Language

Funding for Chesapeake Bay Restoration Fund Grants 392,574

Lake of the Woods Dam Assistance Language

Breaks Interstate Park Electrical System Language

Department of Environmental Quality

Eliminate Funding for Fish Mortality Study (120,000)

Use WQIF Deposit for Fish Mortality Study Language

Department of Historic Resources

Coeburn Confederate Graves Language

Central Appropriations

Second Year Economic Contingency from Balances (1,200,000)

Part 3

Reversion of WQIF Cash Balances Language

Litter Control and Recycling Fund Balances Language

Return of Unused Incentive Funding from Pulaski IDA Language

Total: HB 1600

1,142,970

392,574

-

Amendments to House Bill 1600, as Introduced

Commerce - Economic Development Subcommittee

Item 108 #1h

Commerce And Trade

FY 08-09

FY 09-10

Department Of Business Assistance

\$0

\$1,500,000 GF

Language:

Page 104, line 21, strike "\$12,497,519" and insert "\$13,997,519".

Page 105, after line 24 insert:

"E. Out of the amounts in this item, \$1,500,000 the second year from the general fund shall be provided to offset training expenses for a major automotive employer operating a diesel assembly and test facility in the City of Newport News contingent upon such employer entering into a performance agreement with the Virginia Economic Development Partnership describing the employer's commitments regarding job creation and retention. The funds shall be administered in a manner similar to existing training grant programs such as those permitted by § 2.2-902, Code of Virginia. The major automotive employer shall certify to the Secretary of Commerce and Trade that it has retained at least 500 jobs in the Commonwealth and has taken actions to increase employment by at least 250 new full-time jobs in the Commonwealth. Any monies remaining on June 30, 2010, shall not revert to the general fund of the state treasury, but shall be carried forward and reappropriated for the purposes described in this paragraph."

Explanation:

(This amendment would provide \$1.5 million in additional training funding as an incentive for the location of an automotive supplier, Continental AG, to the Commonwealth. On December 15, 2008, Governor Kaine announced that Continental AG, a global automotive supplier, will consolidate its diesel and gasoline fuel injector manufacturing operations at its Newport News facility. As part of the relocation of its diesel fuel injector manufacturing operations to the Commonwealth and the expansion of the existing gasoline fuel injector business line, Continental AG will create 318 new jobs and invest \$194 million.)

Commerce - Economic Development Subcommittee

Item 110 #3h

Commerce And Trade

Department Of Housing And
Community Development

Language

Language:

Amendments to House Bill 1600, as Introduced

Page 111, after line 35, insert:

"5. For the purposes of § 2.2-2708, the board of commissioners of the Fort Monroe Federal Area Development Authority created pursuant to § 15.1-6304.1 shall be deemed a state public body and may meet by electronic communications means in accordance with the requirements set forth in § 2.2-3708. Electronic communication shall mean the same as that term is defined in § 2.2-3701."

Explanation:

(This amendment authorizes the Fort Monroe Federal Area Development Authority to meet via electronic means under the same requirements and provisions as other state governmental bodies.)

Commerce - Economic Development Subcommittee

Item 119.05 #1h

Commerce And Trade

FY 08-09

FY 09-10

Department Of Labor And Industry

\$0

(\$537,030) GF

Language:

Page 114, line 38, strike "(\$81,738)" and insert "(\$618,768)".

Explanation:

(This amendment increases the second year reduction for the Department of Labor and Industry to reflect the fact that the second year reduction in the introduced budget was less than one percent, compared to cuts at other agencies in excess of 15 percent. The increase results in a reduction of four percent of the Department of Labor and Industry's appropriation in the second year. Further, as part of the Governor's proposed amendments to the budget, the Human Rights Council was merged into the Department of Labor and Industry but no savings were assumed and the first year savings generated at the Human Rights Council were removed.

It is the intent of the General Assembly that the restoration of this funding shall be properly accounted for in calculating the revised amount of savings from executive management actions contained in Item 119.05 and § 4-1.08 during the enrollment of House Bill 1600/Senate Bill 850, as adopted by the 2009 General Assembly.)

Commerce - Economic Development Subcommittee

Item 121 #1h

Commerce And Trade

FY 08-09

FY 09-10

Amendments to House Bill 1600, as Introduced

Department Of Mines, Minerals
And Energy

\$0 (\$2,000,000) GF

Language:

Page 116, line 3, strike "\$4,641,840" and insert "\$2,641,840".

Page 116, strike line 15 through line 18.

Explanation:

(This amendment eliminates \$2.0 million included for a new Clean Energy Manufacturing Incentive Grant program. No commitments have been made under this fund at this time.)

Commerce - Economic Development Subcommittee

Item 124 #1h

Commerce And Trade

Virginia Economic Development Partnership

Language

Language:

Page 119, strike lines 47 through 51.

Page 119, line 52, strike "O." and insert "N."

Explanation:

(This amendment eliminates outdated language referring to an expired Code of Virginia commitment to make payments to support the operating costs of the Virginia Advanced Shipbuilding and Carrier Integration Center. The legislation expired at the close of fiscal year 2008 but the language was continued in the budget.)

Commerce - Economic Development Subcommittee

Item 124.05 #1h

Commerce And Trade

FY 08-09

FY 09-10

Virginia Economic Development
Partnership

\$0

\$500,000 GF

Language:

Page 120, line 4, strike "\$1,043,553)" and insert "(\$543,553)".

Explanation:

Amendments to House Bill 1600, as Introduced

(This amendment restores \$500,000 in the second year for economic development activities that was removed in the Governor's proposed amendments to the budget. It is the intent of the General Assembly that the restoration of this funding shall be properly accounted for in calculating the revised amount of savings from executive management actions contained in Item 124.05 and § 4-1.08 during the enrollment of House Bill 1600/Senate Bill 850, as adopted by the 2009 General Assembly.)

Commerce - Economic Development Subcommittee

Item 130 #1h

Commerce And Trade

FY 08-09

FY 09-10

Virginia Tourism Authority

\$0

\$3,000,000 GF

Language:

Page 123, line 8, strike "\$14,469,330" and insert "\$17,469,330".

Page 124, after line 41, insert:

"L. Out of the amounts for Tourist Promotion shall be provided \$3,000,000 the second year from the general fund to expand targeted tourism promotion as follows:

1. \$1,000,000 to expand radio and television advertising to promote tourism in the Commonwealth, of which \$400,000 shall be matched by the Virginia Association of Broadcasters for an in-state radio and television campaign, and \$600,000 of which shall be used to purchase media in the Washington, D.C. and Baltimore, Maryland markets;
2. \$800,000 to expand electronic marketing of Virginia tourism and conduct major media events with travel industry partners and maintain Welcome Center operations;
3. \$500,000 to support the micro-tourism leverage funds with Virginia tourism industry partners across the Commonwealth; and
4. \$700,000 to support film incentives."

Explanation:

(This amendment provides \$3.0 million in the second year from the general fund to support the targeted expansion of tourism promotion in the Commonwealth. This \$3.0 million investment is expected to leverage \$13.15 million in private-sector expenditures and stimulate immediate economic activity across Virginia.)

Commerce - Economic Development Subcommittee

Amendments to House Bill 1600, as Introduced

Item 473 #1h

Central Appropriations	FY 08-09	FY 09-10
Central Appropriations	\$0	(\$1,200,000) GF

Language:

Page 520, line 28, strike "\$38,781,734" and insert "\$37,581,734".

Page 521, line 44, strike "each year" and insert "in the first year".

Explanation:

(This amendment eliminates the second year appropriation for economic contingency in light of the sizeable balances that have been carried forward for this program.)

Commerce - Economic Development Subcommittee

Item 3-1.04 #1h

Transfers

Reversion of IDA Funding

Language

Language:

"In accordance with the provisions of Item 119, paragraph O., Chapter 847, 2007 Acts of Assembly, and as reflected in the agreement between the Virginia Economic Development Partnership and the Industrial Development Authority (IDA) of Pulaski County dated February 25, 2008, the Pulaski IDA is hereby instructed to return to the Virginia Economic Development Partnership the \$1,000,000 provided to support the Volvo Center for Excellence. These funds shall revert to the general fund no later than June 30, 2009."

Explanation:

(This amendment directs the Pulaski Industrial Development Authority to return the \$1.0 million provided to it by the Virginia Economic Development Partnership to support the construction of the New River Valley Center of Excellence. This appropriation was contingent upon Volvo Trucks meeting certain performance requirements and conveying the land to the Pulaski IDA. As this has not occurred, the funds are to revert to the general fund.)

Natural Resources Subcommittee

Item 361 #1h

Amendments to House Bill 1600, as Introduced

Natural Resources

Department Of Conservation And
Recreation

Language

Language:

Page 405, line 7, after "collections.", insert:

"Notwithstanding any other provision of state law, out of this deposit the Department of Conservation and Recreation is authorized to use up to \$500,000 for completion of the project to modernize, simplify, and improve the computerized system utilized by soil and water conservation districts to administer and report on implementation of state agricultural cost share practices initiated by the 2007 Session of the General Assembly."

Explanation:

(This amendment permits the Department of Conservation and Recreation to use up to \$500,000 from the year-end general fund surplus deposited into the Water Quality Improvement Fund for use in modernizing the computer system used by soil and water conservation districts to record data on the implementation of agricultural best management practices. Funding for this effort was initiated by the 2007 Session of the General Assembly.)

Natural Resources Subcommittee

Item 361 #2h

Natural Resources

Department Of Conservation And
Recreation

FY 08-09

\$0

FY 09-10

\$392,574 NGF

Language:

Page 402, line 28, strike "\$75,545,793" and insert "\$75,938,367".

Page 404, line 54, after "year", insert:

"and \$392,574 the second year".

Explanation:

(This amendment provides \$392,574 in special funds the second year from the sale of "Friend of the Chesapeake" license plates for use in supporting the projects recommended by the Chesapeake Bay Restoration Fund Advisory Committee. The committee recommended awarding grants to 53 projects in amounts ranging from \$1,495 to \$18,000.)

Amendments to House Bill 1600, as Introduced

Natural Resources Subcommittee

Item 361 #4g

Natural Resources

Department Of Conservation And
Recreation

Language

Language:

Page 405, after line 27, insert:

"L. The Director, Department of Conservation and Recreation, in consultation with the Virginia Resources Authority, is authorized to make cost effective financing available to Orange County or the dam owner for modifications necessary to the Lake of the Woods dam to meet state dam safety requirements and to reduce the potential loss of life and damage to down stream property for this high hazard dam, with an inundation zone containing multiple dwellings and a major state highway. Notwithstanding § 10.1-603.19, Code of Virginia, such authority may be used to provide financial or other assistance from the Dam Safety, Flood Prevention and Protection Assistance Fund to secure funding or to provide a grant not to exceed \$1,000,000."

Explanation:

(This amendment restores language that was inadvertently dropped from the budget bill during final printing. Page B-89 of the executive budget document includes an explanation of the amendment.)

Natural Resources Subcommittee

Item 362 #12h

Natural Resources

Department Of Conservation And
Recreation

Language

Language:

Page 406, after line 6, insert:

"3. The Breaks Interstate Park Commission shall, following the modernization of the Breaks Interstate Park electrical system, enter into negotiations to transfer control of the electrical system serving the park to a local regional electric utility."

Explanation:

(This amendment instructs the Breaks Interstate Park Commission to enter negotiations to transfer control of its electrical system to a regional electric utility once that park's electric system has been modernized. The electrical system serving

Amendments to House Bill 1600, as Introduced

the park was installed at the time of the park's creation. Consequently, the regional electric utility will assume control of the system. If modernized, the system could be transferred to that regional electric utility, which would then maintain the infrastructure rather than the park.)

Natural Resources Subcommittee

Item 366 #1h

Natural Resources

FY 08-09

FY 09-10

Department Of Environmental
Quality

\$0

(\$120,000) GF

Language:

Page 408, line 7, strike "\$48,555,003" and insert "\$48,435,003".

Page 408, strike lines 48 through 52.

Explanation:

(This amendment eliminates a second year general fund appropriation for the continued study of the factors leading to fish lesions and mortality in the Shenandoah, Potomac, and James Rivers. A companion amendment authorizes use of the Department of Environmental Quality's share of the Water Quality Improvement Fund deposit for this purpose. All of the watersheds affected by these fish lesions and mortality are within the Chesapeake Bay watershed.)

Natural Resources Subcommittee

Item 368 #3h

Natural Resources

Department Of Environmental
Quality

Language

Language:

Page 410, line 13, after "collections.", insert:

"Out of this amount, \$120,000 shall be provided to investigate factors that contribute to fish lesions and mortality in the Shenandoah, Potomac, and James Rivers."

Explanation:

(This amendment provides authorization for the use of the Department of Environmental Quality's share of the Water Quality Improvement Fund deposit of fiscal year 2008 excess revenues for use in investigating the factors leading to fish lesions and fish mortality in the Shenandoah, Potomac, and James Rivers. These

Amendments to House Bill 1600, as Introduced

rivers are part of the Chesapeake Bay watershed. A companion amendment eliminated a second year general fund appropriation for this purpose.

Natural Resources Subcommittee

Item 374 #1h

Natural Resources

Department Of Historic Resources

Language

Language:

Page 414, after line 14, insert:

"4. As disbursements are made to the treasurers of Confederate memorial associations and chapters of the United Daughters of the Confederacy by the United Daughters of the Confederacy for the purposes stated in § 10.1-2211, Code of Virginia, an amount equal to \$90 the second year shall be distributed to the Town of Coeburn Municipal Graveyard."

Explanation:

(This amendment provides funding for the care of 18 newly discovered Confederate graves in the Town of Coeburn's Municipal Graveyard. Maintenance of Confederate graves is funded at a rate of \$5 per grave.)

Natural Resources Subcommittee

Item 3-1.01 #5h

Transfers

Interfund Transfers

Language

Language:

Page 612, after line 26, insert:

"GG. On or before June 30, 2009, the State Comptroller shall transfer to the general fund \$149,000,000 from the Department of Environmental Quality representing the cash balance of the Water Quality Improvement Fund. It is the intent of the General Assembly that this sum be restored to the Water Quality Improvement Fund to the extent federal funds are received by the Commonwealth from the "American Recovery and Reinvestment Act of 2009" or similar legislation adopted by the 111th Congress."

Explanation:

(This amendment transfers the cash balance held by the Department of Environmental Quality in the Water Quality Improvement Fund to the general fund. The Department of Environmental Quality is authorized the use of \$250 million in

Amendments to House Bill 1600, as Introduced

bonds by the Appropriation Act. These bonds will be sufficient to provide the Commonwealth's share of the costs of wastewater treatment plant improvements. The transfer will not be made if the Commonwealth receives federal funds from any federal stimulus package.)

Natural Resources Subcommittee

Item 3-1.01 #6h

Transfers

Interfund Transfers

Language

Language:

Page 612, after line 26, insert:

"GG. On or before June 30, 2009, the State Comptroller shall transfer an amount estimated at \$48,000 to the general fund from the Litter Control and Recycling Fund maintained by the Department of Environmental Quality."

Explanation:

(This amendment captures balances in the Litter Control and Recycling Fund remaining following the full distribution of amounts to localities.)
