

Commerce and Trade

Adopted Adjustments (\$ in millions)				
	FY 2015 Adopted		FY 2016 Adopted	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2014-16 Base Budget, Ch. 806	\$182.7	\$729.4	\$182.7	\$729.4
Increases	26.6	182.3	43.9	195.4
Decreases	(42.8)	(29.8)	(47.5)	(29.8)
\$ Net Change	(16.2)	152.5	(3.6)	165.5
Chapter 2 (HB 5002, as Adopted)	\$166.5	\$881.8	\$179.1	\$894.9
% Change	(8.9%)	20.9%	(2.0%)	22.7%
FTEs	363.34	1,320.16	363.34	1,320.16
# Change	(7.10)	21.60	(7.10)	21.60

- **Economic Development Incentive Payments (EDIP)**
 - ***Incentive Payments Holding Account.*** Provides \$52.2 million GF and \$250,000 NGF in FY 2015 and \$67.9 million GF and \$250,000 NGF in FY 2016 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.*** Provides \$10.0 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 a reduction in funding of \$1.8 million GF each year for the program as compared to the FY 2012-14 biennium.
 - ***Commonwealth Research Commercialization Fund.*** Provides \$2.8 million GF each year for research and commercialization of emerging technologies. Out of this amount, \$1.5 million is for the Small Business Innovation Research Matching Fund Program. This appropriation represents a \$2.0 million reduction in funding to the program as compared to the FY 2012-14 biennium. Additionally, funding that had been provided in EDIP for the

Growth Accelerator Program in FY 2012-14 has been transferred to the Center for Innovative Technology in the Technology Secretariat.

- ***Major Eligible Employer Performance Grants.*** Provides \$6.8 million GF each year for performance-based grants due to major employers who have met investment and job creation requirements. This appropriation represents an increase of \$1.8 million each year as compared to the FY 2012-14 biennium based on the phase-in of commitments made in previous years.
- ***Semiconductor Manufacturing Performance Grants.*** Provides \$5.4 million GF the first year and \$3.8 million GF the second 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.*** Provides \$2.4 million GF and \$250,000 NGF each year 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. Separate legislation adopted during the 2014 Regular Session increases the tax credits available for film and television production from \$5.0 million per biennium to \$6.5 million per year. In total, these actions provide \$8.9 million per year in film production incentives.
- ***Virginia Investment Partnership Grants.*** Includes \$3.9 million GF the first year and \$3.6 million GF the second year 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 prior to receipt of funding, thus the proposed appropriation is based on fulfilled performance agreements.
- ***Aerospace Engine Facility Incentive Payments.*** Provides \$648,000 GF in FY 2015 and \$13.8 million GF in FY 2016 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. The level of funding has been adjusted based on the most recent projections of required investment and job creation by the company. Performance delays have resulted in reduced payments in both FY 2015 and FY 2016.

- ***Advanced Shipbuilding Training Facility Grant.*** Provides \$8.0 million GF the first year and \$7.6 million GF the second year for 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. Construction on the facility is now complete.
- ***Virginia Economic Development Incentive Grant (VEDIG) Program.*** Provides \$4.5 million GF the first year and \$5.9 million GF the second year for payments due to companies that have met investment and job creation criteria required by VEDIG performance agreements.
- ***Virginia Jobs Investment Program (VJIP).*** Transfers \$5.7 million GF each year from the former Department of Business Assistance to the Economic Development Partnership (VEDP) for grants to eligible businesses under the Virginia Jobs Investment Program, consistent with legislation consistent with legislation passed during the 2014 Regular Session.
- ***Life Sciences Consortium.*** Provides \$2.5 million GF the second year for a non-stock corporation research consortium comprised of UVA, VCU, VT, GMU and EVMS. The consortium may contract with private entities, foundations and other government sources for research in the biosciences. Up to \$250,000 of the funding may be used for administrative expenses of the consortium each year. Adjusts language to clarify that any other institution that joins the consortium will be required to provide at least a \$50,000 cash contribution for each year of participation and will then be considered a participating member for the purposes of conducting research. Funding provided to the consortium in the FY 2012-14 biennium has yet to be spent.
- ***Biofuels Production Fund.*** Provides \$1.5 million GF each year for capitalization of the Biofuels Production Fund, consistent with legislation passed during the 2014 Regular Session. The Fund will be used for performance-based grant payments for qualifying producers. Additionally, language is included requiring the producer to demonstrate that Virginia-grown feedstock is used to the greatest extent possible in the production of biofuels.
- ***World Police and Fire Games.*** Includes an appropriation of \$1.0 million GF the second year to Fairfax County in support of the 2015 World Police and Fire Games.

- **Department of Business Assistance**
 - *Transfer Appropriation to Department of Small Business and Supplier Diversity (DSBSD).* Transfers \$5.9 million GF and \$1.7 million NGF each year and 41.0 FTE positions to the new agency created pursuant to Chapter 482 of the 2013 Acts of Assembly. DSBSD reflects the merger of DBA and the Department of Minority Business Enterprise. The remaining \$5.7 million GF each year from DBA's base budget, representing the appropriation for the Virginia Jobs Investment Program, has been transferred to Economic Incentive Payments and will be administered by the Economic Development Partnership.
- **Department of Housing and Community Development**
 - *Transfer Fort Monroe Authority.* Removes \$5.1 million GF each year from the DHCD base budget and establishes the Fort Monroe Authority as a stand-alone agency.
 - *Rental Assistance Payments for Affordable Housing.* Establishes a federal fund appropriation of \$172.3 million NGF each year and 1.5 FTE positions to administer the Project-Based Section 8 Housing Assistance Payments Contracts under an agreement with the U.S. Department of Housing and Urban Development. The contract provides approximately 23,000 Virginia families with rental assistance. The Department will not manage the funding, but simply serve as the pass-through entity through which the funding is provided to the outside vendor managing the housing program.
 - *Enterprise Zone Grants.* Provides \$12.1 million GF each year for the Enterprise Zone Grant Program. This reflects a reduction of \$2.0 million GF each year as compared to the amounts provided in the 2012-14 biennium.
 - *Local Fiscal Impact Assessment Tool.* Provides a one-time appropriation of \$35,000 GF for the development of a web-based application for the Commission on Local Government to prepare fiscal impact statements for legislation affecting local government revenues and expenditures. This funding is consistent with legislation that passed during the 2014 Regular Session.
- **Department of Mines, Minerals and Energy**
 - *Offshore Wind Research.* Provides \$1.0 million 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 2014 but phasing out funding in the second year.

- ***Offshore Oil and Gas Study.*** Includes \$250,000 GF the first year to conduct a study on the feasibility of offshore oil and gas development, specifically to address concerns raised by the U.S. Department of Interior in its decision to exclude Virginia from the 2007-12 Outer Continental Shelf five-year plan. The language requires a report to the Governor and Secretaries of Commerce & Trade and Natural Resources by April 2015.
- ***Restore Mine Safety Funds.*** Provides \$270,000 GF each year to replace the same amount that had been provided by an expiring federal grant. This would allow the agency to continue to provide federally mandated mine safety training to small mine operators at very low cost.
- ***Update Virginia Energy Plan.*** Includes \$200,000 GF the first year to update the Virginia Energy Plan, consistent with legislation that passed during the 2014 Regular Session. The update will include an analysis of the impacts and policy options regarding carbon dioxide regulations.
- ***Renewable Energy Grant Guidelines.*** Dedicates \$70,000 GF from the base appropriation to DMME for the Division of Energy to develop and publish program guidelines for the Renewable Energy Grant Program.
- **Department of Small Business and Supplier Diversity**
 - ***Create Department of Small Business and Supplier Diversity (DSBSD).*** Provides \$5.9 million GF and \$2.4 million NGF each year and 63.0 FTE positions to the new agency created pursuant to Chapter 482 of the 2013 Acts of Assembly. DSBSD was established through the merger of the Department of Business Assistance and the Department of Minority Business Enterprise. The merger results in net savings of \$69,379 GF each year and reduction of 1.0 FTE by eliminating one agency head position.
- **Fort Monroe Authority**
 - ***Create Fort Monroe Authority as Stand-Alone Agency.*** Provides \$6.7 million GF the first year and \$5.5 million the second year for operations of the Fort Monroe Authority, which was previously funded through the Department of Housing and Community Development. A companion amendment in Capital Outlay provides \$22.5 million in VPBA bonds for the Authority's capital maintenance needs. The capital funding is to be administered through the Department of General Services. This action highlights that under current circumstances, the Commonwealth's support for the Fort Monroe Authority is likely to continue for a number of years.

- **Virginia Economic Development Partnership**

- *Administration of Virginia Jobs Investment Program.* Provides \$564,166 GF each year for VEDP to administer the VJIP program, which was formerly in the Department of Business Assistance. Legislation approved during the 2014 Regular Session codifies this change, and the balance of the funding for the VJIP program is transferred to the EDIP holding account.
- *Transfer Center for Manufacturing to VCCS.* Includes the transfer of \$195,000 GF each year from VEDP to the Virginia Community College System for the Center for Manufacturing in the Shenandoah Valley.
- *Phase Out of International Trade Program.* Eliminates second year funding of \$481,500 GF for the promotion of international trade among defense sector companies located in the Commonwealth.

- **Virginia Employment Commission**

- *Unemployment Insurance Benefits.* Increases the appropriation for unemployment insurance benefits by \$6.2 million NGF in FY 2015 and \$19.3 million NGF in FY 2016 based on projected unemployment rates.
- *Trailing Military Spouses.* Provides funding of \$1.9 million NGF the first year and \$1.8 million NGF the second year from the Unemployment Trust Fund to provide unemployment benefits to military spouses who leave employment to accompany a military spouse whose duty assignment has changed. This funding is consistent with legislation passed during the 2014 Regular Session.
- *Reduction in Federal Funds.* Reduces the appropriation by \$24.7 million NGF each year to reflect completion of the major information technology system project, which was previously funded with federal funds.

- **Virginia Racing Commission**

- *Transfer Racing Commission to the Secretary of Agriculture and Forestry.* Includes a series of amendments that transfer the Virginia Racing Commission from the Secretary of Commerce and Trade to the Secretary of Agriculture and Forestry. The Racing Commission is set out as a new item within the Agriculture Secretariat and a companion amendment eliminates this item from the Commerce and Trade secretariat.