

Commerce and Trade

Proposed Adjustments as Introduced (\$ in millions)				
	FY 2015 Proposed <u>GF</u> <u>NGF</u>		FY 2016 Proposed <u>GF</u> <u>NGF</u>	
2014-16 Base Budget, Ch. 806	\$182.7	\$729.4	\$182.7	\$729.4
Proposed increases	22.5	178.0	36.5	191.1
Proposed decreases	(19.8)	(26.6)	(19.8)	(26.6)
\$ Net Change	2.7	151.3	16.7	164.5
HB/SB 30, as Introduced	\$185.4	\$880.7	\$199.4	\$893.8
% Change	1.5%	20.8%	9.1%	22.6%
FTEs	334.34	1,296.16	334.34	1,296.16
# Change	(36.10)	(2.40)	(36.10)	(2.40)

- **Economic Development Incentive Payments (EDIP)**
 - ***Incentive Payments Holding Account.*** Provides \$59.3 million GF and \$250,000 NGF in FY 2015, and \$77.3 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.*** 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 2012-14 biennium.
 - ***Commonwealth Research Commercialization Fund.*** Provides \$4.8 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 level funding of the programs as compared to the FY 2012-14 biennium. However, \$3.2 million GF each year 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 in HB/SB 30, as introduced.

- ***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.*** Recommends \$4.75 million the first year and \$3.0 million GF the second year, 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. The general fund amount reflects an increase in the first year compared to the FY 2014 appropriation of \$1.75 million GF.
- ***Virginia Investment Partnership Grants.*** Proposes \$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 \$19.3 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 FY 2015; however, the VEDP anticipates those amounts will be due to the company in FY 2016.

- ***Advanced Shipbuilding Training Facility Grant.*** Provides \$8.0 million GF the first year and \$7.6 million 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. Legislation will be introduced for consideration of the 2014 General Assembly to codify the shift in portions of the program to VEDP, with the remainder residing under the new Department of Small Business and Supplier Diversity.
- ***Life Sciences Consortium.*** Proposes \$2.5 million GF each year for a non-stock corporation research consortium 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 \$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 conduction research. Funding was provided to the consortium in the FY 2012-14 biennium has yet to be spent.
- ***Mega-Site Planning Fund.*** Proposes \$2.0 million GF the second year for grants to localities for site development for prospective Major Employment and Investment Projects.
- ***Virginia-Israel Advisory Board.*** Provides an increase of \$24,639 GF each year to bring the annual operating budget for the Board to \$200,000 GF. This action would restore reductions imposed during the last recession.

- **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 would 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 proposes to establish the Fort Monroe Authority as a stand-alone agency.
 - *Increase General Fund Support for Housing Trust Fund.* Provides \$4.0 million GF each year for the Housing Trust Fund. This fund was initially re-capitalized during the FY 2012-14 biennium with revenues generated from settlements with mortgage servicing firms.
 - *Increase Support for Homeless Programs.* Proposes \$1.0 million GF each year for rapid re-housing assistance. This funding continues a pilot program initiated in the current biennium and supports the findings of the Governor's Housing Policy Group which has recommended refocusing housing efforts from short-term homeless shelters to long-term solutions.
 - *Improve Homeless Data Collection.* Proposes \$585,413 GF the first year and \$91,782 GF the second year and 1.0 FTE position for a statewide application to increase the accuracy and reliability of data collection to evaluate the success of programs designed to reduce homelessness.
 - *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 would not manage the funding, but simply serve as the pass-through entity through which the funding would be provided to the outside vendor managing the housing program.

- ***Enterprise Zone Grants.*** Proposes \$14.1 million GF each year for the Enterprise Zone Grant Program. This level of funding is consistent with amounts provided in the 2012-14 biennium.
- ***Southwest Virginia Cultural Heritage Foundation.*** Provides \$850,000 GF in the first year and \$550,000 GF the second year for operation of the Heartwood Artisan Center. Includes language directing the foundation to report to the Governor and Chairmen of House Appropriations and Senate Finance by September 1 each year on progress for the center to become self-sufficient.
- ***City of Bristol Economic Development Project.*** Proposes \$500,000 GF the first year for final construction costs of the Birthplace of County Music Museum, which is expected to open in August 2014. These funds are to match funding provided by the state of Tennessee for the project.
- ***Entrepreneurial Accelerator Program.*** Proposes \$250,000 GF each year for a new initiative to assist entrepreneurs to grow sustainable start-up businesses. Proposes that grant funding will be provided to unidentified intermediary organizations that support entrepreneurial networks that provide business planning, technical assistance, mentoring and access to capital.

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

- ***Offshore Wind Research.*** Provides \$1.0 million GF each 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.
- ***Offshore Oil and Gas Study.*** Proposes \$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 in the 2007-12 Outer Continental Shelf 5-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.*** Proposes \$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.

- **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**

- *Workforce Development and Training for Advanced Manufacturing.* Provides \$1.3 million GF the first year for the Commonwealth Center for Advanced Manufacturing, of which \$300,000 is for matching funds from other public or private sources, and \$1.0 million is to support workforce development staff at the center.
- *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 will be introduced to the 2014 General Assembly to codify this change and the balance of the funding for the VJIP program is proposed to be transferred to the EDIP holding account.
- *Transfer Center for Manufacturing to VCCS.* Proposes to transfer \$195,000 GF each year for the Center for Manufacturing in the Shenandoah Valley from VEDP to the Virginia Community College System.

- **Virginia Employment Commission**

- *Unemployment Insurance Benefits.* Recommends increasing 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.
- *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**

- *Reduce Operating Expenditure.* Proposes a reduction of \$290,837 NGF the first year and \$301,565 NGF the second year to the agency's equine research incentives and a reduction of the anticipated transfer to the general fund by \$634,346 the first year and \$684,346 the second year based on reduced revenue estimates from pari-mutual wagering.

- **Virginia Tourism Authority**

- *Increase Advertising and Marketing Funds.* Proposes an increase of \$1.4 million GF each year to expand tourism marketing in the broadcast advertising program and online marketing efforts. A related amendment in Central Appropriations eliminates \$75,000 GF each year that was previously provided for outdoor advertising as part of the agency's submitted reduction plan.