

Commerce and Trade

Governor's Proposed Amendments (\$ in millions)				
	FY 2015 Proposed		FY 2016 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2014-16 Current Budget (Ch. 3, 2014 Special Session I)	\$166.5	\$881.8	\$179.1	\$894.9
Proposed Increases	10.3	1.5	15.3	0.0
Proposed Decreases	<u>(0.0)</u>	<u>(172.3)</u>	<u>(1.1)</u>	<u>(0.0)</u>
\$ Net Change	10.3	(170.8)	14.2	0.0
HB 1400/SB 800, as Introduced	\$176.8	\$711.1	\$193.3	\$894.9
% Change	6.2%	(19.4%)	7.9%	0.0%
Central Account Reversions	(\$4.0)	\$0.0	(\$4.8)	\$0.0
% Change	(2.3%)	0.0%	(2.5%)	0.0%
FTEs	363.34	1,318.66	363.34	1,320.16
# Change	0.00	(1.50)	0.00	0.00

- **Economic Development Incentive Payments**
 - *Increase Funding for Governor's Development Opportunity Fund.* Proposes an increase of \$9.9 million the first year and \$10.8 million the second year for the Governor's Opportunity Fund, bringing the biennial appropriation to \$40.7 million. A companion action to the "front page" of the budget reduces the overall general fund carry-forward balance by \$7.75 million in FY 2015 to offset prior reductions to GOF balance reversions. In total, these actions provide \$48.45 million to the GOF over the biennium, an increase of \$28.4 million compared to the Chapter 3 appropriation of \$20.0 million -- an increase of 36 percent above prior biennial appropriations.
 - *Establish New Virginia Tourism Growth Incentive Fund.* Proposes \$500,000 GF the second year for a new initiative to establish a Tourism Growth Incentive Fund. Stand-alone legislation creating the program will be introduced in the 2015 Session of the General Assembly.

- **Department of Housing and Community Development**

- *Establish Community Business Launch Program.* Proposes \$1.0 million GF the second year to establish a new Community Business Launch Program intended to promote entrepreneurship and small business development. The funding would expand the Department's recently implemented pilot program from three to seven localities.
- *Provide Funding for Rapid Re-Housing Program.* Includes \$1.0 million the second year to support rapid rehousing efforts. The General Assembly removed a proposal to fund this program that had been included in HB/SB 30, 2014 Session.
- *Enterprise Zone Grant Program Reductions.* Proposes a reduction of \$250,000 GF the first year and \$400,000 GF the second year for the Enterprise Zone Grant Program, leaving the total appropriation at \$11.9 million in FY 2015 and \$11.75 million in FY 2016.
- *Delay Implementation of Federal Rental Assistance Pass-Through Contract.* Includes a nongeneral fund appropriation reduction of \$172.3 million in the first year, reflecting the delay of the transfer of federal project-based Section 8 Housing Assistance payments to DHCD. DHCD is expected to serve as the pass-through entity, but will not administer the program. The contract transfer has been postponed until FY 2016.
- *Authorize Use of a Portion of Community Development Funding for Program Support Costs.* Includes language authorizing the Department to utilize up to 2 percent of its general fund appropriations for Community Development Services grant programs to help defray the costs of administering them. In recent years, the Department's administrative budget has been reduced substantially making it difficult to effectively administer its programs.
- *Central Account Reductions.* Item 471.10 reflects savings totaling \$1.4 million the first year and \$779,511 the second year at DHCD. The largest action is a reduction of \$750,000 in the first year by reducing by 50 percent funding made available for water and wastewater construction grants in Southwest Virginia. Also included is the reduction to the Enterprise Zone Grant program discussed above.

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

- *Central Account Reductions.* Item 471.10 reflects savings totaling \$278,795 the first year and \$418,014 the second year at DMME. Savings include delaying the filling of vacant positions, shifting personnel costs to nongeneral fund sources, information technology cost reductions and reduced grants for wind energy research.

- **Department of Small Business and Supplier Diversity**
 - *Adjust Authorization for Loans from VSBFA Insurance or Guarantee Fund.* Proposes language authorizing increased leveraging of the VSBFA insurance or guarantee program from the lesser of four times the principal amount or \$15.0 million to the greater of the two.
 - *Reduce Small Business Investment Grant Fund.* Reduces from \$1.5 million to \$1.0 million GF each year the amount appropriated for the Small Business Investment Grant Fund. This fund was established by Chapters 657 and 669 of the 2012 Acts of Assembly (HB 585/SB 344), but usage of the program has been limited and the full amounts appropriated have not been utilized.
 - *Transfer One Additional Position from Virginia Jobs Investment Program to VEDP.* Includes a reduction of \$67,761 GF and 1.0 FTE position the second year to reflect the transfer of one additional position associated with the VJIP program to the Virginia Economic Development Partnership (VEDP). The majority of the staff and funding was shifted to VEDP through legislative action last year.
 - *Central Account Reductions.* Item 471.10 reflects savings totaling \$256,655 the second year at DSBSD from turnover and vacancy savings.
- **Fort Monroe Authority**
 - *Increase Funding for Payments in Lieu of Taxes.* Proposes an increase each year of \$345,663 GF for payments in lieu of taxes requested by the City of Hampton. This would increase these payments to \$1.3 million annually. The 2014 General Assembly rejected a request to increase the amounts by \$209,660 each year.
 - *Central Account Reductions.* Item 471.10 reflects savings totaling \$286,710 the first year and \$315,355 the second year at Fort Monroe DSBSD from a variety of strategies including reduced contractor and other discretionary expenses, reduced legal fees and personnel costs and deferred elevator repair in an unleased building.
- **Virginia Economic Development Partnership**
 - *Provide Funding for Virginia Coalfield Economic Development Authority.* Proposes an appropriation of \$1.2 million GF the second year to support the operations of the Coalfield Economic Development Authority. This appropriation is contingent upon passage of legislation limiting the amount of the Coalfield Employment Enhancement Tax Credit that can be claimed on any given tax return that is being introduced on the Governor's behalf to the 2015 General Assembly.

This amount is intended to offset support currently provided to the Authority from the tax credits.

- ***Reflect Transfer of Funding and Position for Virginia Jobs Investment Program.*** Includes an increase of \$67,761 GF and 1.0 FTE position in the second year to reflect the transfer of 1 additional position associated with the VJIP program to the Virginia Economic Development Partnership. The majority of the staff and funding was shifted to VEDP through legislative action last year.
- ***Central Account Reductions.*** Item 471.10 reflects savings totaling \$929,509 the first year and \$1.3 million the second year at VEDP based on the agency's proposal to reduce funding for domestic and international marketing initiatives.

- **Virginia Tourism Authority**

- ***Provide Funding to Promote Tourism with China.*** Proposes an appropriation of \$400,000 GF the second year to market tourism between the Commonwealth and China. This is the first year of a three year action that fulfills a contractual agreement made as part of an incentive package to attract additional flights from China.
- ***Reduce Regional Tourism Grants.*** Proposes a reduction of \$250,000 GF the first year and \$500,000 GF the second year by phasing-out a grant to the City of Portsmouth for the Virginia Sports Hall of Fame.
- ***Advertising and Marketing Funds.*** Proposes to reduce funding for the "See Virginia First" program by 50 percent the first year and eliminating all funding for the program in the second year. Currently, a total of \$902,556 GF each year is provided to the Virginia Association of Broadcasters, which leverages the funds on at least a three-to-one basis to advertise Virginia Tourism.
- ***Eliminate Funding for Outdoor Advertising.*** Proposes a reduction of \$75,000 GF each year from removing support for the use of in-state billboards for tourism marketing.
- ***Central Account Reductions.*** Item 471.10 reflects savings totaling \$1.0 million the first year and \$1.7 million the second year at the Tourism Authority from a variety of strategies, including postponing website upgrades, reducing marketing and research activities, as well as the grant reductions to "See Virginia First" and the City of Portsmouth described above.