



**Report of the
Subcommittee on Economic
Development and Natural Resources**

**(Amendments to SB 750,
as Introduced)**

**Senate Finance Committee
Virginia General Assembly**

February 4, 2007



SENATE OF VIRGINIA

Senate Finance Committee

2007 Report of the Economic Development and Natural Resources Subcommittee

Walter A. Stosch, Chairman

Mr. Chairman and Members of the Committee:

I am pleased to report the recommendations of the Economic Development and Natural Resources Subcommittee. I believe that the amendments before you continue to honor the Committee's commitments in a fiscally responsible and prudent manner.

In *ECONOMIC DEVELOPMENT*, the Committee's amendments focus on strengthening Rural Virginia and encouraging new business development.

The Subcommittee endorses the Governor's actions to increase the workforce training program by \$4.0 million and the Enterprise Zone Program by another \$4.0 million. We also believe the Governor's \$1.0 million recommendation for the Southwest Virginia Technology Development Center will offer new economic opportunities in Coal Country.

The Subcommittee also agrees that an infusion of \$2.75 million for the Governor's Opportunity Fund is necessary and that development of a world-class research institute in the Shenandoah Valley will benefit all of Virginia.

In addition, the Subcommittee recommends greater investments in Rural Virginia. We bring to you amendments to do just that in tourism, small business finance, and housing.

Mr. Chairman, in the area of *NATURAL RESOURCES* the Subcommittee remains committed to our constitutional obligation. It is an obligation that the Committee has always taken seriously.

To that end, the Subcommittee's highest priority is improving water quality. We support the Governor's actions concerning the deposit of general fund surplus to Water Quality Improvement projects, funding for the James River CSO projects, and his recommendations for wetlands protection and solid waste management. The Subcommittee also includes amendments of \$1.7 million for DEQ to oversee the application of biosolids (sewer sludge). And, we support funding for Soil and Water Conservation Districts, increased water quality monitoring, and oyster replenishment.

The Subcommittee is also interested in protecting and preserving Virginia's historical resources and lands for recreational and economic purposes. The amendment package includes \$8.0 million for land conservation efforts and \$1.0 million to support Virginia's state parks.

In closing, I would like to say that we believe in Virginia's future, and we believe our recommendations will help make that future better.

Respectfully Submitted,

The Honorable Walter A. Stosch, Chairman

The Honorable Charles R. Hawkins

The Honorable Richard L. Saslaw

The Honorable Frederick M. Quayle

The Honorable Emmett W. Hanger, Jr.

The Honorable John C. Watkins.

Agriculture & Forestry Amendments to SB 750					
AGENCIES	General Fund Recommendations			NGF	Positions
	FY 2007	FY 2008	Biennium	Biennium	FY 2008
Department of Agriculture					
SB 750, as introduced	27,703,277	27,058,610	54,761,887	0	509.00
Asian Soybean Rust		50,000	50,000		
Rent charges		77,000	77,000		
Hyrdilla control		200,000	200,000		
SB 1413 Wine distribution		280,000	280,000	23,125	2.00
Agricultural statistics survey		25,000	25,000		
Veterinarian position		(69,030)	(69,030)		(1.00)
<i>Total</i>	27,703,277	27,621,580	55,324,857	23,125	510.00
Total Operating Amendments		562,970	562,970	23,125	1.00

Economic Development Amendments to SB 750					
AGENCIES	General Fund Recommendations			NGF	Positions
	FY 2007	FY 2008	Biennium	Biennium	FY 2008
Business Assistance					
SB 750, as introduced	14,823,366	13,503,798	28,327,164	2,382,724	50.00
Capital Access program		300,000	300,000		
<i>Total</i>	14,823,366	13,803,798	28,627,164	2,382,724	50.00
Housing & Community Development					
SB 750, as introduced	50,535,545	48,851,781	99,387,326	129,115,074	137.00
SB 791 - Livable Home Tax Credit		8,000	8,000		
Housing Partnership Revolving Fund		(1,000,000)	(1,000,000)		
Covington research & development		(330,000)	(330,000)		
Water quality in Southern Rivers	Language				
Indoor plumbing report	Language				
Workforce housing	Language				
<i>Total</i>	50,535,545	47,529,781	98,065,326	129,115,074	137.00
Mines, Minerals and Energy					
SB 750, as introduced	12,917,049	11,787,097	24,704,146	37,203,936	240.00
American energy security study	Language				
<i>Total</i>	12,917,049	11,787,097	24,704,146	37,203,936	240.00
VA Economic Development Partnership					
SB 750, as introduced	19,562,701	17,162,701	36,725,402		
Emerging markets study		(50,000)	(50,000)		
Review of past agreements	Language				
<i>Total</i>	19,562,701	17,112,701	36,675,402		

Virginia Employment Commission						
SB 750, as introduced				1,237,477,402	1,037.50	
Reed Act	Language					
<i>Total</i>				1,237,477,402	1,037.50	
VA Racing Commission						
SB 750, as introduced	0	0	0	9,915,104	10.00	
Marketing horse industry	Language					
<i>Total</i>	0	0	0	9,915,104	10.00	
VA Tourism Authority						
SB 750, as introduced	16,805,049	15,174,942	31,979,991			
State Welcome Centers		490,318	490,318			
Potomac Gateway Welcome Center	Language					
<i>Total</i>	16,805,049	15,665,260	32,470,309			
CIT						
SB 750, as introduced	6,122,989	6,159,337	12,282,326			
National Center for Sensor Sciences		75,000	75,000			
<i>Total</i>	6,122,989	6,234,337	12,357,326			
Central Appropriations						
Governor's Opportunity Fund	(2,250,000)		(2,250,000)			
<i>Total</i>	(2,250,000)	0	(2,250,000)			
ED - Operating Amends	0	(581,682)	(581,682)	0	0	
Other Operating Amends	(2,250,000)	75,000	(2,175,000)			
TOTAL	(2,250,000)	(506,682)	(2,756,682)	0	0.00	

Natural Resources Amendments to SB 750					
AGENCIES	General Fund Recommendations			NGF	FTEs
	FY 2007	FY 2008	Biennium	Biennium	FY 08
Conservation and Recreation					
SB 750, as introduced	73,968,556	47,506,555	121,475,111	51,098,998	524.00
Land conservation initiative	(19,749,040)	(250,960)	(20,000,000)	(99,040)	
VLCF	3,000,000	1,200,000	4,200,000		
VA Outdoors Foundation	950,000		950,000		
Conservation easement	99,040	99,040	198,080	99,040	
PDR program (VDACS)	2,500,000		2,500,000		
Easement program (DHR)		151,920	151,920		
State parks support		1,000,000	1,000,000		
Rappahannock River Basin Comm.		10,000	10,000		
SWCD support		300,000	300,000		
"Friend of the Chesapeake"				362,102	
Governor's technical amendment	Language				
Friends of the Shenandoah				65,000	
SB 1339 - Sewage Regulation				173,000	2.00
Tracking BMP implementation				500,000	
<i>Total</i>	60,768,556	50,016,555	110,785,111	52,199,100	526.00
Environmental Quality					
SB 750, as introduced	259,797,223	47,670,523	307,467,746	247,223,806	937.00
Shenandoah River fish kill study				100,000	
SB 1339 - Sewage Regulation				730,000	20.00
<i>Total</i>	259,797,223	47,670,523	307,467,746	247,223,806	957.00

Game and Inland Fisheries						
SB 750, as introduced				98,389,004	493.00	
Rappahannock River easement				410,000	3.00	
Smith Mountain Lake navigation aids				50,000		
<i>Total</i>				98,849,004	496.00	
Historic Resources						
SB 750, as introduced	4,595,683	3,872,253	8,467,936	3,173,996	52.00	
Virginia Indian Heritage Initiative	(250,000)	75,000	(175,000)			
Revolutionary War veteran's grave	Language					
<i>Total</i>	4,345,683	3,947,253	8,292,936	3,173,996	52.00	
Marine Resources Commission						
SB 750, as introduced	10,929,915	10,734,436	21,664,351	15,408,958	159.50	
Oyster replenishment and report		200,000	200,000			
<i>Total</i>	10,929,915	10,934,436	21,864,351	15,408,958	159.50	
Natural Resources Total						
NR - Operating Amendments	(13,450,000)	2,785,000	(10,665,000)	2,390,102	25.00	

0

Commerce And Trade

FY 06-07

FY 07-08

Department Of Housing And
Community Development

\$0

(\$1,000,000) GF

Language:

Page 100, line 19, strike "\$46,825,638" and insert "\$45,825,638".

Page 101, strike lines 19 through 21 and insert:

"E. Out of the amounts in this Item shall be provided \$1 million in the second year from the general fund to support the development of workforce housing. Such housing units will be developed for members of Virginia's workforce with household incomes up to 150 percent of the area's median income and located in areas where prohibitive market conditions such as very high fair market housing costs, low vacancy rates and an imbalance between the creation of new jobs and new housing units make it difficult to access decent, safe and affordable housing. These funds will be used as capital subsidies to make workforce housing available and affordable in these markets and all units developed will continue to be available to such members of the workforce for a period of time as determined by the Department based on the level of subsidy. Maximum costs for such housing units will be determined by the Department. Priority will be given to housing development projects that take advantage of local affordable housing development incentives, employer investment for the benefit of its employees or have access to public transit. The Department shall report to the Chairmen of the Senate Finance and House Appropriations Committees by December 1 of each year on the use of the funds and the impact it has had on Virginia's housing needs."

Explanation:

(This amendment reduces by \$1.0 million the general fund deposit recommended by the Governor for the Virginia Housing Partnership Revolving Fund. In its place, the amendment establishes a pilot program to create new housing stock, rental units or homeownership opportunities, for persons in the workforce who cannot access affordable housing because of market conditions. Funds will be used as capital subsidies to reduce the debt on housing development and make it more affordable. Such subsidies could be in the form of interest rate reductions, low or no-interest loans or equity participation in a development.)

Subcommittee

Commerce And Trade

Department Of Housing And
Community Development

Language

Language:

Page 106, after line 28, insert:

"Out of the appropriation for Community Development Services shall be included \$17,000,000 the first year transferred from the Water Quality Improvement Fund to be provided as grants to communities located outside the Chesapeake Bay watershed for: 1) the construction of mandated water quality improvement facilities at publicly owned treatment works for projects that would otherwise result in a financial hardship for the residential users of the facilities; 2) the design and construction of managed on-site community wastewater treatment systems in isolated areas that cannot be addressed through active treatment facilities; and 3) planning grants to develop regional or county wide wastewater treatment strategies in areas that have not previously completed planning and engineering studies. Priority will be given to the elimination of straight piping of household wastewater into the Commonwealth's waterways. The Department shall leverage the appropriation with other state moneys, federal grants or loans, local contributions, and private or nonprofit resources. Any unexpended balance in the item for this purpose on June 30, 2007, and June 30, 2008, shall not revert to the general fund but shall be carried forward, reappropriated, and allotted."

Explanation:

(This amendment directs the transfer of \$17.0 million in funding from the Water Quality Improvement Fund for a program to target communities outside the Chesapeake Bay drainage. The Department of Housing and Community Development will manage the program. Grants will be made to assist local governments in reducing the amount of untreated or under-treated household wastewater being directly discharged into streams and groundwater in non-Chesapeake Bay drainage areas. The Department of Housing and Community Development will use existing delivery systems to accelerate the commitment of these funds to community projects and document program impacts. A companion amendment is included in the appropriations for the Department of Environmental Quality.)

Commerce And Trade

Department Of Housing And
Community Development

Language

Language:

Page 102, after line 2, insert:

"3. The Department of Housing and Community Development shall prepare a report on the Indoor Plumbing Program. As part of the report, the Department shall identify the need for indoor plumbing program services by planning district commission; strategies for leveraging state dollars with resources from other public agencies, nonprofit organizations, and the private sector; options to reduce the cost to rehabilitate housing; and alternatives other than rehabilitation of existing structures. The Department shall submit the report to the Chairmen of the Senate Finance and House Appropriations Committees by December 1, 2007."

Explanation:

(This amendment directs the department to report on ways to improve program efficiencies in order to expand services.)

Commerce And Trade

Virginia Economic Development
Partnership

Language

Language:

Page 114, after line 32, insert:

"T. The Chairmen of the Senate Finance and House Appropriations Committees, or their designees from their respective committees, shall conduct a review of past economic arrangements made by the Commonwealth with Virginia-headquartered insurance companies. The objective of the review is to evaluate whether any arrangements made in such agreements have accomplished their intended purposes. The review may include recommendations to the respective standing committees for additional steps the Commonwealth may take to further the economic development goals underlying those arrangements. The Virginia Economic Development

Partnership and all other agencies, boards and commissions of the Commonwealth are requested to provide technical assistance, as required to the Chairmen or their designees in this review."

Explanation:

(This amendment directs the Senate Finance and House Appropriations Committees to evaluate economic development agreements between the Commonwealth and Virginia-headquartered insurance companies. The evaluations are to determine if the agreements' purposes were accomplished.)

Economic Development - Natural Resources Subcommittee	Item 120 #1s
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Commerce And Trade

Virginia Employment Commission	Language
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Language:

Page 115, line 33, strike "\$28,550,000" and insert "up to \$39,050,000".
Page 115, line 39, strike "\$5,700,000" and insert "up to \$8,600,000".
Page 115, line 41, strike "\$2,350,000" and insert "up to \$9,950,000".

Explanation:

(This amendment provides additional Reed Act support in the second year for the administration of the federal Wagner-Peyser Job Service Grant and the Unemployment Insurance Grant. The funding will address shortfalls in the federal support provided to these programs.)

Economic Development - Natural Resources Subcommittee	Item 358 #7s
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Natural Resources	FY 06-07	FY 07-08
Department Of Conservation And Recreation	\$0	\$500,000 NGF

Language:

Page 386, line 11, strike "\$28,455,223" and insert "\$28,955,223".
Page 388, after line 31, insert:
"L. Notwithstanding any other provision of state law, the Department of Conservation and Recreation is authorized to use up to \$500,000 in the second year

from interest accrued from the Water Quality Improvement Fund apportioned to the nonpoint source program to modernize, simplify, and improve the computerized system utilized by the soil and water conservation districts to administer and report on implementation of state agricultural cost share practices. The funds may be used to conduct an independent analysis of the Department's existing agricultural BMP tracking system and for improvements to or replacement of the current system."

Explanation:

(This amendment provides up to \$500,000 the second year from Nongeneral Funds to improve or replace DCR's current agricultural BMP tracking system. The source of funding is interest earned on the nonpoint source portion of the Water Quality Improvement Fund.)

Economic Development - Natural Resources
Subcommittee

Item 358 #12s

Natural Resources

FY 06-07

FY 07-08

Department Of Conservation And
Recreation

\$0

\$65,000 NGF

Language:

Page 386, line 11, strike "\$28,455,223" and insert "\$28,520,223".

Page 388, after line 31, insert:

"L. Notwithstanding any other provision of state law, the Department of Conservation and Recreation is authorized to use up to \$65,000 in the second year from interest accrued from the Water Quality Improvement Fund apportioned to replace obsolete water quality monitoring equipment for the Friends of the Shenandoah River."

Explanation:

(This amendment provides \$65,000 the second year from Nongeneral Funds to replace obsolete water quality monitoring equipment for the Friends of the Shenandoah River. The Shenandoah River has been experiencing significant fish kills over the past few years. The source of funding is interest earned on the nonpoint source portion of the Water Quality Improvement Fund.)

Economic Development - Natural Resources
Subcommittee

Item 359 #5s

Natural Resources	FY 06-07	FY 07-08	
Department Of Conservation And Recreation	\$6,549,040	\$1,450,960	GF
	\$0	\$99,040	NGF

Language:

Page 388, line 33, strike "\$58,559,217" and insert "\$65,108,257".

Page 388, line 33, strike "\$39,008,216" and insert "\$40,558,216".

Page 390, line 42, strike "\$13,700,000" and insert "\$3,000,000".

Page 390, line 43, after "year", insert: "and \$1,200,000 the second year".

Page 391, line 12, strike "\$5,000,000" and insert "\$2,500,000".

Page 391, line 17, after "lands.", insert: "Any unexpended balance for the local purchase of development rights program administered by the Department of Agriculture and Consumer Services at the close of business on June 30, 2007, and June 30, 2008, shall not revert to the general fund but shall be carried forward and reappropriated."

Explanation:

(This amendment provides \$8.0 million from the general fund in the 2006-08 biennium for a land conservation initiative. The amendment provides \$3.0 million the first year and \$1.2 million the second year for the Virginia Land Conservation Foundation; \$950,000 the first year for the Virginia Outdoors Foundation; \$99,040 each year for the department's land conservation programs; \$151,920 for the Historic Easement Program, and \$2.5 million the first year for a Purchase of Development Rights program.)

Economic Development - Natural Resources
Subcommittee

Item 359 #6s

Natural Resources	FY 06-07	FY 07-08	
Department Of Conservation And Recreation	(\$19,749,040)	(\$250,960)	GF
	\$0	(\$99,040)	NGF

Language:

Page 388, line 33, strike "\$58,559,217" and insert "\$38,810,177".

Page 388, line 33, strike "\$39,008,216" and insert "\$38,658,216".

Explanation:

(This amendment eliminates the Governor's land conservation initiative of \$20.0 million from the general fund for the biennium. A companion amendment restores

\$8.0 million from the general fund for this purpose.)

Economic Development - Natural Resources
Subcommittee

Item 362 #2s

Natural Resources

FY 06-07

FY 07-08

Department Of Environmental
Quality

\$0

\$100,000 NGF

Language:

Page 392, line 10, strike "\$43,477,430" and insert "\$43,577,430".

Page 392, line 44, after "fund", insert "and \$100,000 the second year from the Virginia Environmental Emergency Response Fund".

Explanation:

(This amendment provides an additional \$100,000 the second year from Nongeneral Funds for the Shenandoah River task force investigating the extensive fish kills, which began in 2004. The task force includes DEQ, DGIF and scientists from Virginia Tech, VCU and EPA.)

Economic Development - Natural Resources
Subcommittee

Item 364 #6s

Natural Resources

Department Of Environmental
Quality

Language

Language:

Page 394 strike lines 28 through 50.

Page 394, line 58, strike "Notwithstanding the provisions of".

Page 394, strike lines 59-60.

Page 395, strike lines 1-2.

Explanation:

(This amendment removes authorization for the Department of Environmental Quality to manage a \$17.0 million water quality grant program for localities outside of the Chesapeake Bay Watershed. A companion amendment transfers the \$17.0 million in Water Quality Improvement Funds to the Department of Housing and Community Development to carry out the grant program's purpose to assist local

governments in reducing the amount of untreated or under-treated household wastewater being directly discharged into streams and groundwater in the Southern Rivers drainage areas.)

Economic Development - Natural Resources
Subcommittee

Item 370 #1s

Natural Resources

Department Of Historic Resources

Language

Language:

Page 400, after line 18, insert:

"J. Out of the appropriations for this Item, the Department shall reimburse the Virginia Society of the Sons of the American Revolution for one additional grave site in New Providence Presbyterian Church in Rockbridge County."

Explanation:

(This amendment is self-explanatory.)
