

Commerce and Trade

Governor's Proposed Amendments				
(\$ in millions)				
	FY 2017 Proposed		FY 2018 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2016-18 Current Budget (Ch. 780, 2016 Session)	\$203.8	\$728.4	\$217.3	\$728.7
Proposed Increases	0.0	0.0	18.4	35.4
Proposed Decreases	<u>(21.9)</u>	<u>(0.0)</u>	<u>(33.0)</u>	<u>(0.0)</u>
\$ Net Change	(21.9)	0.0	(14.6)	35.4
HB 1500/SB 900, as Introduced	\$181.9	\$728.4	\$202.7	\$764.0
% Change	(10.7%)	0.0%	(6.7%)	4.8%
FTEs	378.34	1,311.66	400.34	1,311.66
# Change	0.0	0.0	22.00	0.0

- **Office of the Secretary of Commerce and Trade**

- *Transfer to International Trade Corporation.* Transfers \$150,000 GF and one position the second year from the office of the Secretary of Commerce and Trade to the newly created Virginia International Trade Corporation. This position and funding were provided in Chapter 780 of the 2016 Acts of Assembly to support the appointment of a Chief Executive Officer for the new agency.

- **Economic Development Incentive Payments (EDIP)**

- *Virginia Investment Partnership Grants.* Proposes a reduction of \$942,750 GF the first year and \$3.1 million GF the second year to align with anticipated grant payments. The payments are based on negotiated grants awarded to select projects that invest in Virginia and meet specified job creation and capital investment targets.
- *Aerospace Engine Facility Incentive Payments.* Includes reductions of \$8.5 million GF the first year and \$3.7 million GF the second year. The reduction

recognizes that the company will not reach certain performance milestones to qualify for the full amount of previously planned grant payments. \$15.2 million NGF is appropriated in FY 2018 to fund anticipated grant payments based on expected job creation and investment totals, having been previously appropriated from the general fund.

- ***Virginia Economic Development Incentive Grant (VEDIG) Program.*** Reduces funding by \$2.8 million GF in FY 2018 based on a revised payment schedule. Grants are awarded to companies that have met investment and job creation criteria required by VEDIG performance agreements.
- ***Pulp, Paper, and Fertilizer Advanced Manufacturing Performance Grant Program Fund.*** Proposes a reduction of \$2.0 million GF the first year and an increase of \$2.0 million GF the second year. The previously planned FY 2017 grant payment is delayed in expectation that the qualified company will meet performance targets a year later than originally planned.
- ***Advanced Shipbuilding Production Facility Grant.*** Proposes \$6.0 million GF in FY 2018 to fund an economic development incentive grant program pursuant to Chapter 723 of the 2016 Acts of Assembly. The grant program incentivizes the construction and operation of a new facility related to the production of a class of nuclear warships for the United States Navy.

- **Department of Housing and Community Development**

- ***Nongeneral Fund Appropriation for Resiliency Grant.*** Provides a nongeneral fund appropriation of \$15.0 million in FY 2018 to offset expenditures related to Virginia’s \$120.5 million federal grant award from the National Disaster Resilience Competition. The grant award will support investments to protect communities in the Hampton Roads region from the effects of recurrent flooding.
- ***Reduce Funding for Virginia Telecommunications Initiative.*** Reduces first year funding from \$1.25 million to \$1.0 million GF. Second year funding remains at \$1.25 million GF.
- ***Reduce Virginia Growth and Opportunity Fund.*** Reduces funding for grants to be awarded through the GO Virginia initiative from \$5.5 million to \$900,000 GF in FY 2017 and from \$30.0 million to \$19.7 million GF in FY 2018. The proposed reductions affect grant allocations as follows:
 - Capacity building grants are reduced from \$5.5 million in FY 2017 to \$900,000 GF, or \$100,000 for each of the nine regions; and from \$3.5 million in FY 2018 to \$1.35 million GF. Language also exempts these grants from the local match requirement.

- Per capita regional grant funding is reduced in the second year from \$12.2 million to \$6.1 million GF.
- Competitive grant funding is reduced in the second year from \$14.3 million to \$12.2 million GF.
- ***Repeal GO Virginia Enactment Provisions.*** Enactments in the General Provisions section repeal the requirements for the General Assembly to authorize grants via subsequent enactments, and provide that the creation of the Virginia Growth and Opportunity Foundation satisfies the requirement for an affiliated supporting entity set forth in GO Virginia’s enabling legislation, Chapters 778 and 779 of the 2016 Acts of Assembly.
- ***Eliminate Support for the Center for Advanced Engineering and Research.*** Removes funding of \$600,000 GF the first year and \$325,797 the second year for the Integrated Test Facility at the Center for Advanced Engineering and Research.
- ***Reduce Support for Enterprise Zone Program.*** Reduces funding for Enterprise Zone Real Property and Job Creation Grants by \$1.8 million over the biennium. Funding is reduced in the first year from \$13.2 million to \$12.2 million GF and is reduced in the second year from \$13.2 million to \$12.3 million.
- ***Appalachian Regional Commission Dues.*** Reduces funding for dues to the Appalachian Regional Commission by \$119,271 GF in FY 2017 in anticipation of a decreased assessment.
- **Department of Labor and Industry**
 - ***Delay Implementation of Apprenticeship Program.*** Reduces funding from \$400,000 to \$200,000 GF in FY 2017 and delays full implementation of the program which provides incentives to private sector employers and state agencies in order to expand enrollment in the Registered Apprenticeship Program.
 - ***Increase Personnel in Occupational Safety Programs.*** Adds new spending of \$1.5 million GF and 15 positions the second year. Six positions are proposed in the Virginia Occupational Safety and Health (VOSH) Program, three positions are proposed in the Virginia Voluntary Protection Program (VPP), and six positions are proposed in Consultation Services. Spending for these positions is expected to be partially offset by higher revenues from federally mandated increases in civil penalties for occupational safety violations.
 - ***Personnel and Rent Savings.*** Includes reductions of \$31,325 in FY 2017, attributable to one-time rent savings, and \$119,766 GF in FY 2018 from personnel savings.

- **Department of Mines, Minerals and Energy**
 - *Support for Solar Energy Development.* Proposes new spending of \$1.1 million GF the second year to enable the development of programs for subsidizing solar energy projects. \$750,000 GF is proposed to support a credit enhancement program aimed at private lenders, and \$350,000 GF is proposed for a competitive loan fund available to local school districts and small businesses.
 - *Miscellaneous Savings.* Includes reductions of \$216,110 GF the first year and \$474,256 GF the second year. The reductions are a combination of personnel savings from eliminating open positions, the supplanting of general fund spending with nongeneral funds, and other reductions in discretionary spending.
 - *Transfer of Balance in Biofuels Production Fund.* The remaining nongeneral fund cash balance of \$723,914 is transferred to the general fund in FY 2018. The program is repealed effective July 1, 2017, and no additional awards are expected.
- **Department of Small Business and Supplier Diversity**
 - *Personnel Savings.* Includes a reduction of \$127,209 GF the first year and \$160,000 GF the second year from eliminating one vacant procurement and office support position and one position in the Department’s Business Information Center.
 - *Reduce Funding for Small Business Investment Grant Fund.* Reduces funding from \$1.0 million to \$950,000 GF the first year, and from \$1.0 million to \$819,753 GF the second year.
 - *Nongeneral Funds Used for Small Business Jobs Grant Fund.* Removes \$629,981 GF in each year, and appropriates \$598,481 NGF in FY 2017 and \$629,981 NGF in FY 2018 to meet anticipated grant commitments.
- **Fort Monroe Authority**
 - *Reduce Discretionary Spending.* Proposes a reduction of \$215,720 GF the first year and \$323,581 GF the second year. The proposed savings is attributable to deferred equipment purchases, repairs and maintenance; and reduced spending on contractors and seasonal labor.
- **Virginia Economic Development Partnership**
 - *New Funding for an Internal Audit Position.* Provides \$168,291 GF the second year to support hiring an internal auditor on the recommendation of the Joint Legislative Audit and Review Commission. This position would report directly to the VEDP Board of Directors.

- ***Reduce Brownfields Restoration Fund.*** Reduces support for the Brownfields Restoration and Economic Redevelopment Assistance Fund from \$2.25 million GF each year to \$2.0 million GF in FY 2017 and \$947,634 GF in FY 2018. Chapter 780 provided an additional \$1.5 million GF each year to fund site remediation grants of up to \$500,000.
- ***Decrease Support for Business Ready Sites Program.*** Reduces general fund support in the second year by \$125,000. Remaining funding totals \$750,000 GF in FY 2017 and \$1.1 million GF in FY 2018.
- ***Decrease Support for Virginia Jobs Investment Program.*** Eliminates one vacant position for a savings of \$100,000 GF in FY 2018.
- ***Reduce Support for CCAM.*** Reduces support for the Commonwealth Center for Advanced Manufacturing in the second year from \$1.0 million to \$925,000 GF.
- ***Eliminate India Representative.*** Removes \$60,000 GF the second year and discontinues the lead generation contract with the representative in India.
- ***Decrease Discretionary Spending.*** Removes \$199,000 GF in FY 2018 for miscellaneous discretionary spending, including sponsorship of marketing and other economic development events.
- **Going Global Defense Initiative.** In FY 2017, removes \$750,000 GF from the Going Global Defense Initiative (GGDI) and replaces funding with federal grant funds. In FY 2018, GGDI is reduced an additional \$75,000 GF.
- **State Trade and Export Promotion (STEP) Program.** In FY 2017, removes \$359,461 GF from the STEP program, and replaces funding with federal grant funds. In FY 2018, STEP is reduced an additional \$25,000 GF.
- **Virginia International Trade Alliance (VITAL) Program.** Proposes to reduce funding from \$1.0 million to \$950,000 GF in FY 2018. VITAL is a collaborative program with Virginia colleges, trade associations and the Chamber of Commerce to assist Virginia companies in increasing exports.
- **Virginia Leaders in Export (VALET) Program.** Funding is reduced \$20,000 GF in FY 2018.
- **International Trade Shows.** Support for international trade shows is reduced \$25,000 GF in FY 2018.
- ***Transfer International Trade Division to Virginia International Trade Corporation.*** Transfers \$6.2 million in FY 2018, the resources associated with the International Trade Division of VEDP, to the Virginia International Trade

Corporation, a new state agency created pursuant to Chapter 749 of the 2016 Acts of Assembly.

- **Virginia International Trade Corporation**

- *Establish the Virginia International Trade Corporation.* Establishes the Virginia International Trade Corporation as a new state agency pursuant to Chapter 749, and provides funding of \$7.2 million GF and 24 positions beginning in FY 2018. Funding includes:
 - \$6.2 million GF representing the transfer of 19 positions and resources associated with the International Trade Division from the Virginia Economic Development Partnership;
 - \$150,000 GF representing the transfer of one position from the office of the Secretary of Commerce and Trade; and
 - \$817,455 GF in new spending and five new positions to fulfill necessary administration functions of the new agency.

- **Virginia Tourism Authority**

- *Decrease Advertising and Marketing Funds.* Proposes reductions to marketing and advertising, including implementation of the “Vision Strategy,” totaling \$500,000 GF the first year and \$1.3 million GF the second year.
- *Reduce Funding for Sponsorships.* Removes \$211,039 GF in FY 2017 and \$237,225 in FY 2018 for sponsorship activities.
- *Decrease Funding for See Virginia First Program.* Reduces funding 50 percent in FY 2017, from \$627,556 to \$313,778 GF.
- *Reduce Support for Spearhead Trails.* Reduces funding from \$300,000 GF each year to \$285,000 GF the first year and \$277,500 GF the second year. Spearhead Trails is an initiative of the Southwest Virginia Recreation Authority.
- *New Spending for Asian Market Tourism Promotion.* Proposes new funding of \$400,000 GF the second year for the first payment of a three-year arrangement for an Asian market tourism promotion campaign designed to promote travel from India to Virginia.