

Commerce and Trade

Adopted Adjustments (\$ in millions)				
	FY 2021 Adopted		FY 2022 Adopted	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2018-20 Base Budget, Ch. 854	\$302.3	\$691.8	\$302.3	\$691.8
Adopted Increases	138.3	44.4	124.0	42.4
Adopted Decreases	(73.8)	(5.1)	(80.8)	(8.7)
\$ Net Change	64.4	39.3	43.2	33.7
Ch. 1289 (HB 30, as Adopted)	\$366.7	\$731.1	\$345.5	\$725.5
% Change	21.3%	5.7%	14.3%	4.9%
FTEs	412.23	1,301.77	412.23	1,301.77
# Change	40.89	7.11	40.89	7.11

Unallotted Spending

(pending the assessment of the impact of a potential general fund revenue shortfall caused by the COVID-19 pandemic)

	<u>FY 2021</u>	<u>FY 2022</u>
Economic Development Incentive Payments		
Provide Additional Funding for the Governor's Motion Picture Opportunity Funds	\$1,000,000	\$1,000,000
Support the Virginia Jobs Investment Program	2,000,000	2,000,000
Department of Housing and Community Development		
Increase Funding for Enterprise Zone Grants	\$250,000	\$250,000
Affordable Housing Pilot Program	2,000,000	0
Increase Support for Planning District Commissions	294,000	294,000
Establish an Eviction Prevention and Diversion Pilot Program	3,300,000	3,300,000
Increase Funding for the Southeast Rural Community Assistance Project	600,000	600,000
Increase funding for the Virginia Housing Trust Funds	23,000,000	23,000,000
Increase Support for the Virginia Telecommunication Initiative	16,000,000	16,000,000
Industrial Revitalization Fund	500,000	500,000
Department of Labor and Industry		
Provide Funding to Support Compliance Positions in the Virginia Occupational Safety and Health Program	\$1,483,850	\$1,483,850
Department of Mines, Minerals and Energy		
Establish Office of Offshore Wind	\$387,500	\$387,500
Department of Small Business and Supplier Diversity		
Provide Funding to Establish a Statewide Strategic Sourcing Unit	\$370,565	\$741,130
Virginia Economic Development Partnership		
Expand the Virginia Business Ready Sites Program	\$12,500,000	\$0
Expand the Custom Workforce Incentive Program	0	4,679,613
Virginia Tourism Authority		
Increase Funding for the Virginia Coalfield Regional Tourism Authority	\$100,000	\$100,000

Unallotted Spending

(pending the assessment of the impact of a potential general fund revenue shortfall caused by the COVID-19 pandemic)

	<u>FY 2021</u>	<u>FY 2022</u>
Provide Funding for Birthplace of Country Music Expansion	<u>\$50,000</u>	<u>\$50,000</u>
Total	\$63,835,915	\$54,336,093

Note: Unallotting an appropriation is an executive function that prevents an agency from expending such appropriation. Budget language was included to authorize any particular spending items will no longer apply until such time as the General Assembly re-enacts such appropriation after acceptance of a revenue forecast that supports the underlying appropriation.

- **Secretary of Commerce and Trade**

- ***Paid Family and Medical Leave Study.*** Directs the Chief Workforce Development Advisor and Secretary of Commerce and Trade to study the development, implementation, and costs of a statewide paid family and medical leave program for all employers, including the Commonwealth of Virginia.

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

- ***Incentive Payments Holding Account.*** Includes a total of \$77.1 million GF and \$780,000 NGF in FY 2021 and \$55.1 million GF and \$411,000 NGF in FY 2022 for economic development incentives. Excluding one-time transfers out of this agency account, the proposed GF appropriations represent a decrease of \$7.0 million compared to the base budget in FY 2021, and a reduction of \$29.0 million compared to the base in FY 2022. The FY 2022 reduction reflects completion of commitment for Micron expansion. The following programs are included in this account:
 - **Commonwealth’s Development Opportunity Fund.** Provides \$19.8 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 compared to the FY 2020 GF appropriation.
 - **Governor’s Motion Picture Opportunity Fund (Unallotted).** Provides an additional \$2.0 million GF for the Governor’s Motion Picture Opportunity Fund, increasing funding from \$3.0 million to \$4.0 million GF each year to

attract film industry production activity to the Commonwealth. Also includes \$150,000 NGF each year.

- **Virginia Investment Partnership Grants.** Provides \$5.2 million GF the first year and \$5.0 million GF the second year for the Virginia Investment Partnership Grant Program. The payments are based on post-performance grants awarded to select projects that invest in Virginia and promote stable or growing employment opportunities. The recommended funding levels represent reductions against the base of \$3,200 in FY 2021 and \$258,200 in FY 2022.
- **Aerospace Engine Facility Incentive Payments.** Provides \$3.0 million GF each year to the Aerospace Manufacturing Performance Grant Fund and provides \$630,000 NGF the first year and \$261,000 NGF the second year from the Aerospace Manufacturer Workforce Training Grant Fund to fund anticipated payments required in the *Code of Virginia* for the Rolls-Royce facility in Prince George County.
- **Virginia Economic Development Incentive Grant (VEDIG) Program.** Provides \$1.0 million GF the first year and \$1.0 million GF the second year for payments due to companies that have met investment and job creation criteria required by VEDIG performance agreements. The recommended funding levels represent reductions against the base of \$2.0 million GF each year.
- **Virginia Jobs Investment Program Grants (Unalloted).** Increases funding \$2.0 million GF each year for the Virginia Jobs Investment Program, bringing total grant funding to \$4.7 million GF each year.
- **Semiconductor Manufacturing Grant Fund.** Provides \$20.0 million GF the first year for grants to Micron in accordance with Chapters 34 and 41 of the 2019 Acts of Assembly (HB 2180/SB 1370), and subject to performance metrics agreed to in a memorandum of understanding with the Commonwealth. This represents the second and final payment of a performance grant totaling \$70.0 million over two years.
- **Advanced Shipbuilding Production Facility Grant.** Includes \$8.0 million GF each year to fund economic development incentive grants pursuant to Chapter 723 of the 2016 Acts of Assembly (HB 1068). The grant program incentivizes the construction and operation of facilities supporting the production of a class of nuclear warships for the United States Navy.
- **Special Workforce Grant.** Provides \$5.3 million GF the first year and \$2.9 million GF the second year to fund grants to Amazon Web Services pursuant

to Chapter 744 of the 2018 Acts of Assembly (HB 1551). These amounts represent the first two payments of three scheduled awards totaling \$10.5 million.

- **Truck Manufacturing Company Grant.** Provides \$2.0 million GF each year to be deposited to a special, nonreverting fund for the award of grants to a qualified truck manufacturing company, pursuant to Chapters 265 and 604 of the 2020 Acts of Assembly (HB 1361/SB 611). This economic development project was endorsed by the Major Employment and Investment Project Approval Commission (MEI Commission).
- **Pharmaceutical Company Incentive Fund.** Includes \$3.2 million GF the first year and \$3.0 million the second year to be deposited to a special, nonreverting fund for the award of grants in accordance with Chapters 275 and 758 of the 2020 Acts of Assembly (HB 1498/SB 610). Of the adopted amounts, \$2.5 million GF each year will be available as grants to a qualified pharmaceutical company; and, \$730,000 GF the first year and \$493,750 GF the second year will be payable to a qualified community college and a baccalaureate higher education institution pursuant to the legislation. This economic development project was endorsed by the MEI Commission.
- **Advanced Production Company Grant.** Provides \$0.5 million GF the second year to be deposited to a special, nonreverting fund for the award of grants to a qualified company, pursuant to Chapters 267 and 763 of the 2020 Acts of Assembly (HB 1733/SB 1014). This economic development project was endorsed by the MEI Commission.
- **Virginia Biosciences Health Research Corporation.** Transfers funding for the Virginia Biosciences Health Research Corporation (VBHRC) to the Virginia Innovation Partnership, a new authority established pursuant to Chapters 1164 and 1169 of the 2020 Acts of Assembly (HB 1017/SB 576). A corresponding action establishes the VBHRC under the new authority.
- **Governor's New Airline Incentive Fund.** Provides \$425,000 GF the first year and \$825,000 GF the second year to establish the Governor's New Airline Service Incentive Fund administered by the Virginia Tourism Corporation. Funding would be used to assist in the provision of marketing, advertising, or promotional activities by airlines in connection with the launch of new air passenger service at Virginia airports, and to incentivize airlines that have committed to commencing new air passenger service in Virginia, pursuant to the provisions in Chapters 1119 and 1120 of the 2020 Acts of Assembly (HB 1602/SB 990).

- **Department of Housing and Community Development**

- ***Increase Funding for Housing Trust Fund (Unallotted).*** Increases deposits to the Housing Trust Fund by \$46.0 million GF over the biennium, bringing the total appropriation to \$30.0 million GF each year. The adopted budget also includes seven additional authorized positions each year. In addition, the caboose budget, Chapter 1283 of the 2020 Acts of Assembly (HB 29), includes an increase in FY 2020 from \$7.0 million to \$14.0 million.
- ***Provide Flexibility in Allocating Housing Trust Fund Awards.*** Provides flexibility for the Department of Housing and Community Development in its allocation of Housing Trust Fund awards to address both homelessness assistance and other housing issues resulting from the COVID-19 pandemic. Overrides statute that requires a specific percentage split of the funds between flexible financing loans and grants for homelessness assistance.
- ***Provide Flexibility in Allocation of Homelessness Funds.*** Allows the Department of Housing and Community Development to waive or eliminate the match requirement for support services for persons at risk of experiencing homelessness. Overrides statute requiring a minimum match of 25 percent from local or private sources.
- ***Eviction Prevention and Diversion Pilot Program (Unallotted).*** Includes new spending of \$3.3 million GF each year and two positions to establish an eviction prevention and diversion pilot program. The pilot program would utilize a competitive approach in which local eviction prevention programs could apply for state assistance. Applications would be evaluated to ensure those communities implementing the prevention and diversion pilot have the capacity and resources to do so effectively. In addition, language authorizes funding from this appropriation to be used to facilitate the development of a statement of tenant rights and responsibilities and implement the provisions of Chapters 985 and 986 of the 2020 Acts of Assembly (HB 393/SB 707).
- ***Increase Funding for Broadband (Unallotted).*** Increases general fund support for the Virginia Telecommunications Initiative by \$15.7 million GF each year, bringing the total to \$34.7 million each year. Funding amounts were reduced by \$275,000 GF from the Governor’s proposed spending amounts to provide additional funding for administration.
- ***Administrative Support for Broadband (Unallotted).*** Provides an increase of \$275,000 GF and two positions for additional administrative support for the Virginia Telecommunication Initiative. This is in addition to base level funding of \$333,647 and three positions.

- ***Transfer Funding for Broadband Support Staff from CIT.*** Transfers funding for broadband support staff from the Center for Innovative Technology (CIT) to the Department of Housing and Community Development to continue their support of the Commonwealth Connect and Virginia Telecommunications Initiatives. The action transfers \$550,000 GF each year and authorizes three positions.
- ***Affordable Housing Pilot Program (Unallotted).*** Provides \$2.0 million GF the first year to establish an affordable housing pilot program in the City of Falls Church for the purpose of providing grants or loans for the development or preservation of affordable housing units for individuals and families meeting income requirements. Directs the department, with the cooperation of the Virginia Housing Development Authority, to develop guidelines and procedures for administering the pilot program.
- ***Increase Funding for the Southeast Rural Community Assistance Project (Unallotted).*** Increases support for the Southeast Rural Community Assistance Project (SERCAP) by \$600,000 GF each year, bringing the total to \$1.6 million GF each year. SERCAP provides low-income, rural communities with technical assistance and support for water, wastewater and community development projects.
- ***GO Virginia Funding.*** Reduces funding in FY 2022 by \$4.5 million GF, from \$34.5 million GF to \$30.0 million GF. The reduction affects the allocation of funding for competitive grants only. First year funding remains unchanged at \$34.5 million GF.
- ***GO Virginia Reporting Language.*** Directs DHCD to report quarterly on grant awards and expenditures from the Virginia Growth and Opportunity Fund, including total appropriations made or transferred to the fund, total grants awarded, total expenditures from the fund, cash balances, and balances available for future commitments.
- ***Increase Funding for Derelict Structures Fund (Unallotted).*** Increases funding \$500,000 GF each year for the Virginia Removal or Rehabilitation of Derelict Structures Fund, bringing the total appropriation to \$3.0 million GF each year. Language designates that out of those amounts, \$1.0 million each year shall be used for removing, renovating or modernizing port-related buildings and facilities in the cities of Portsmouth, Norfolk, Newport News, Richmond and Front Royal.
- ***Increase Support for Planning District Commissions (Unallotted).*** Provides an additional \$294,000 GF each year from the general fund to provide each of the 21 Planning District Commissions with an increase of \$14,000 per year.
- ***Increase Funding for Enterprise Zone Grant Program (Unallotted).*** Increases funding for Enterprise Zone Grant Fund by \$250,000 GF each year.

- *Work Group on AED Density in Commercial and Residential Buildings.* Directs DHCD to establish a workgroup to study the ideal Automated External Defibrillator (AED) density in commercial and residential buildings, and to report its findings to the Chairs of the House Appropriations Committee and the Senate Finance & Appropriations Committee on or before November 1, 2021.

- **Department of Labor and Industry**

- *Increase Federal Appropriation.* Increases the nongeneral fund appropriation by \$556,938 NGF and three positions each year to reflect additional federal grant funding received from the U.S. Department of Labor, Employment and Training Administration for the Commonwealth’s Registered Apprenticeship program.
- *Increase Funding for Enforcement of Labor Laws.* Includes a total increase of 15 positions and \$0.8 million GF the first year and \$1.5 million GF the second year to support additional enforcement officers to enforce and investigate potential violations of the state's labor laws. Language in each of the following 2020 Acts Of Assemblies provide the necessary positions for the enforcement of the provisions of Chapters 1204 and 1242 (HB 395/SB 7); Chapters 1216 and 1243 (HB 833/SB 8); Chapters 950 and 951 (HB 337/SB 48); and, Chapters 204 and 271 (HB 1199/SB 662) and requires annual reporting on the effectiveness of such enforcement activities.
- *Increase Personnel in Occupational Safety Program (Unallotted).* Provides \$1.5 million GF each year to fill 12 unfunded Compliance Safety and Health Officer (CSHO) positions within the Virginia Occupational Safety and Health Compliance program. These positions will conduct on-site inspections and issue citations where violations are found. Increases the number of funded CSHO positions to 59.

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

- *Establish an Office of Offshore Wind (Unallotted).* Includes new spending of \$387,500 GF each year to enable the creation of an Office of Offshore Wind within the Division of Energy at the Department of Mines, Minerals and Energy (DMME). Funding supports three positions, including 0.50 FTE to provide support to the Virginia Offshore Wind Development Authority; and 1.50 FTEs to coordinate regional initiatives, support the Coastal Virginia Offshore Wind project, provide policy support, engage the supply chain sector, assist with workforce development, and provide other resources to support the future development of offshore wind resources.
- *Infrastructure Improvements at the Port of Virginia.* A separate Capital Outlay action authorizes \$40.0 million in bond proceeds for ground improvements at Portsmouth Marine Terminal to improve the load bearing capacity of the facility. The proposed improvements are in anticipation of potential new industrial uses

including supporting growth of the offshore wind energy industry in Virginia (see Item C-72).

- ***Remove One-time Funding for Energy Storage Capacity Study.*** Removes language and one-time funding of \$50,000 GF for the Virginia Solar Development Authority energy storage capacity study which was completed in August 2019.
- ***Start-up Costs for C-PACE Program.*** Includes \$50,000 GF each year to support the initial start-up costs of a statewide Commercial Property Assessed Clean Energy (C-PACE) program. Chapter 664 of the 2020 Acts of Assembly (HB 654) authorizes DMME to serve as a statewide sponsor and to engage with a private entity through a competitive selection process to develop and administer the program.

- **Department of Professional and Occupational Regulation**

- ***Additional NGF Appropriation.*** Provides \$138,083 NGF the first year and \$136,075 NGF the second year and one position pursuant to Chapter 481 of the 2020 Acts of Assembly (HB 832), which requires agents of student athletes to register with the Department of Professional and Occupational Regulation.

- **Department of Small Business and Supplier Diversity**

- ***Establish a Statewide Strategic Sourcing Unit (Unallotted).*** Includes \$370,565 GF the first year and \$741,130 GF the second year and seven positions to establish and support a statewide unit to strategically source small, woman, and minority-owned (SWaM) participation on large dollar Commonwealth contracts. The unit would consist of one business analyst, one public relations/marketing position, three outreach positions, and two certification officer positions.

- **Virginia Economic Development Partnership**

- ***Remove Reporting Language.*** Removes language requiring the Virginia Economic Development Partnership to report annually before the start of the General Assembly on the status of the implementation of the state's comprehensive economic development strategy and related recommendations for legislative actions. The adopted budget also changes the due date for providing its annual expenditure report from September 1 to November 1 each year.
- ***Remove Obsolete Language.*** Removes language that directs the use of certain funds related to marketing in distressed areas, international trade, and the administration of the Virginia Jobs Investment Program, and directs that the Virginia Economic Development Partnership (VEDP) work in conjunction with the Department of Environmental Quality to develop long-term offsetting methods. The actions

referenced in the deleted language have either been completed or have been incorporated into VEDP's strategic, operational or international trade plans.

- ***Expand the Custom Workforce Incentive Program (Unallotted).*** Provides an increase in funding of \$4.7 million GF the second year, bringing total support in FY 2022 to \$9.7 million GF. The adopted budget maintains level funding of \$5.0 million GF in FY 2021. The custom workforce program was established through funding provided in the 2018 appropriation act and is intended to provide training and recruitment services to select companies locating or expanding in the Commonwealth. Additional funding is intended be used to increase the number of training, recruitment, and visual media development professionals, bringing total staff for the program to 48.
- ***Increase Funding for Business Ready Sites Program (Unallotted).*** Provides an additional \$12.5 million GF the first year to expand funding for grants used to characterize, inventory and develop sites in the Commonwealth in order to be more competitive with other states in attracting economic development projects.
- ***Remove Language Governing the Use of Business Ready Sites Funds.*** The adopted budget removes language restricting the use of grants for sites of at least 25 acres and removes language requiring that the Commonwealth be reimbursed at the time the property is sold or leased when Business Ready Sites funding is used to develop sites owned exclusively by private interests.
- ***Transfer Pass-Through Funds for CCAM to New Authority.*** Transfers funding of \$3.6 million GF each year provided for the Commonwealth Center for Advanced Manufacturing (CCAM) to the Virginia Innovation Partnership Authority, a new authority to be established in legislation during the 2020 legislative session. A corresponding action establishes support for CCAM under the new authority.

- **Virginia Employment Commission**

- ***Increase NGF for IT and Relocation Expenses.*** Provides an additional \$3.0 million NGF appropriation in each year to cover increases in information technology expenditures and expenses associated with the relocation of the Commission's Central Office.
- ***Unemployment Insurance Flexibility.*** Gives the Governor authority to override the provisions of The Virginia Unemployment Compensation Act in response to the COVID-19 pandemic, including allowing the Governor to waive the work search requirement for benefit recipients in order to lessen the spread of the virus.

- **Virginia Tourism Authority**

- *Remove Funding for Virginia Sports Hall of Fame.* Eliminates funding of \$125,000 GF to the City of Virginia Beach supporting the Virginia Sports Hall of Fame.
- *Remove Funding for Asian Market Tourism Promotion.* Removes \$450,000 GF each year for an incentive program completed in FY 2020 that established nonstop air service between Delhi, India and Washington Dulles International Airport.
- *Increase Funding for the Virginia Coalfield Regional Tourism Authority (Unallotted).* Provides an increase of \$100,000 GF each year, from \$200,000 to \$300,000 GF, to support tourism marketing in the Coalfield region.
- *Birthplace of Country Music Expansion (Unallotted).* Provides \$50,000 GF the first year to the City of Bristol for the Birthplace of Country Music to expand local and regional tourism in Southwest Virginia.
- *Danville Welcome Center.* Increases the amounts required to be transferred from the Department of Transportation to the Virginia Tourism Authority for operating costs of the state welcome centers, and clarifies that the increased funding amounts are for maintenance at the Danville Welcome Center.

- **Virginia Innovation Partnership Authority**

- *Establish Virginia Innovation Partnership Authority.* Provides \$25.7 million GF the first year and \$39.7 million GF the second year to create the Virginia Innovation Partnership Authority. Chapters 1164 and 1169 of the 2020 Acts of Assembly (HB 1017 /SB 576) establish the entity in statute. Includes funding transferred from other entities (including reductions and increases in existing programs) and funding for new initiatives. Proposed funding and changes relative to FY 2020 funding levels are outlined in the table below.
- *NGF Funding for the Virginia Innovation Partnership Authority.* Provides nongeneral fund support estimated to be at least \$40.0 million resulting from the sale of the CIT building. Of these amounts, \$10.0 million NGF the first year is allocated to the Commonwealth Commercialization Fund; \$5.0 million NGF the first year is allocated to scale the Commonwealth Cyber Initiative (CCI) for activities at the Hub; Virginia Polytechnic Institute and State University and Node sites; and, \$5.0 million NGF the first year is allocated for the leasing of space and establishment of the Hub by the anchoring institution. The remaining proceeds, estimated to total at least \$20.0 million NGF, is allocated to the Division of Investment and may be used to invest in one or more syndicated private investment funds; to make additional investments in partnership with Virginia accelerators and university technology commercialization programs; and, to establish a program to enhance

discovery of, and early investment in, technologies aligned with the Virginia Innovation Index.

Virginia Innovation Partnership Authority					
(as adopted, \$ in millions)					
	Chapter 1289				
	<u>Base</u>	<u>(HB 30)</u>		<u>Change</u>	
<u>General Fund</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY21</u>	<u>FY22</u>
Commonwealth Cyber Initiative	\$20.0	\$7.5	\$17.5	(\$12.5)	(\$2.5)
Virginia Research Investment Fund	8.0	0	0	(8.0)	(8.0)
Commonwealth Research Commercialization Fund	2.8	0	0	(2.8)	(2.8)
Administrative/Other	4.4	3.3	3.3	(1.2)	(1.2)
Commonwealth Center for Advanced Mfg.	3.6	3.6	2.6	0	(1.0)
Commonwealth Center for Advanced Logistics	0.4	0.4	0.4	<(0.1)	<(0.1)
Unmanned Systems	1.0	1.0	1.0	0	0
Virginia Biosciences Health Research Corporation	3.8	3.8	3.8	0	0
Commonwealth Growth Accelerator Program	3.1	3.1	3.1	0	0
VA Academy of Engineering, Science and Medicine	0	0.1	0.1	0.1	0.1
Technology Industry Development Services (new)	0	1.0	1.0	1.0	1.0
Entrepreneurial Division (new)	0	1.0	1.0	1.0	1.0
Regional Innovation Fund (new)	0	1.0	1.0	1.0	1.0
Commonwealth Commercialization Fund (new)	<u>0</u>	<u>0</u>	<u>5.0</u>	<u>0</u>	<u>5.0</u>
GF Subtotal	\$47.1	\$25.7	\$39.7	(\$21.4)	(\$7.4)
Broadband Support Transfer to DHCD				<u>\$0.6</u>	<u>\$0.6</u>
GF Total	\$47.1	\$25.7	\$39.7	(\$20.8)	(\$6.8)
<u>Nongeneral Fund</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY21</u>	<u>FY22</u>
Commonwealth Cyber Initiative	\$0	\$10.0	\$0	\$10.0	\$0
Commonwealth Commercialization Fund (new)	0	10.0	0	10.0	0
Division of Investment (new)	<u>0</u>	<u>20.0*</u>	<u>0</u>	<u>20.0</u>	<u>0</u>
NGF Total	\$0	\$40.0*	\$0	\$40.0	\$0
Grand Total (GF and NGF)	\$47.1	\$65.7*	\$39.7	\$19.2	(\$6.8)

*Estimate based on \$40.0 million anticipated sale price of CIT building.