



Report of the Subcommittee on
Economic Development and
Natural Resources

Senate Finance Committee
Virginia General Assembly

February 16, 2014



SENATE OF VIRGINIA

Senate Finance Committee

**2014 Report of the Economic Development and
Natural Resources Subcommittee
The Honorable John C. Watkins, Chairman
February 16, 2014**

Chairman Colgan, Chairman Stosch and Members of the Committee:

After carefully reviewing the outgoing Governor's introduced budget for the Secretaries of Agriculture & Forestry, Commerce & Trade, and Natural Resources, I am pleased to report that the budgets proposed for the agencies under these secretariats were very sound and well thought out. Therefore, we are recommending relatively minor adjustments to these areas.

In the Department of Agriculture and Consumer Services, we are endorsing the proposed increase to the highly successful Governor's Agriculture and Forestry Industries Development Fund. We also recommend increased funding for the Weights and Measures Program, enhancements to the Food Safety Inspection Program, and substantial funding to upgrade the agency's computer security standards.

For the Department of Forestry, we were pleased to see that the introduced budget will finally fully phase in the Commonwealth's commitment to the Reforestation of Timberlands Program to match the funds provided by our private sector partners. We also recommend increasing resources for the purchase of \$4.4 million in additional forest firefighting equipment through the state's Master Equipment Lease Program.

In terms of Economic Development, we have devoted substantial resources in recent years to help create jobs and keep our economy moving forward. The budget we recommend to you contains over \$129.7 million for economic development incentive

payments for the biennium. However, realizing that the Finance Committee is facing many substantial challenges in other areas, our subcommittee will help address more pressing needs. To that end, we have prudently reviewed balances in several of these programs to provide savings that will be put to good use in other areas of the budget.

In the Department of Housing and Community Development, we recommend the proposed deposit of an additional \$8.0 million to the Housing Trust Fund, a \$2.0 million increase for rapid re-housing assistance, as well as funding to improve the collection of data so that we can better serve the homeless population. We are also capitalizing the fund for accessible housing grants with \$500,000 in the second year.

Tourism continues to be a growing part of our economy and we are endorsing the recommended increase of \$2.8 million to expand tourism marketing in broadcast and outdoor advertising, and online marketing efforts. The budget will also provide \$7.75 million for the Motion Picture Opportunity Fund to continue to attract film industry production in Virginia.

In the area of Natural Resources, your subcommittee has continued to focus on the significant needs we face in meeting our obligations to improve the quality of waters in the Chesapeake Bay and the Southern Rivers. Therefore, we are endorsing \$20 million in bonds for the Stormwater Local Assistance Fund in FY 2015 to help our local governments move forward with the daunting challenge of meeting stormwater management requirements. We are also recommending language that will help better coordinate programs funded through local stormwater fees with our statewide efforts.

The adjustments we are recommending for nonpoint source pollution control make available a net total of \$31.4 million in FY 2015 for Agricultural Best Management Practices. It is our intent that, in working with our network of local Soil and Water Conservation

Districts, we must get as much of these funds on the ground at farms throughout the Commonwealth during this fiscal year.

We are providing \$2.0 million for the Dam Safety Program to begin to address the substantial repairs needed for the 104 flood control dams maintained by Soil and Water Conservation Districts. Along with this funding is language requesting that the Secretary of Natural Resources work with the districts to develop a comprehensive plan to guide the General Assembly in further addressing this issue in the future.

Our award winning State Parks set a new record of over 8.8 million visitors in 2013. In order keep up with this demand by the public, we are recommending \$2.75 million in additional operational support for our State Parks, which are also a vital part of our tourism efforts.

In closing, we believe our recommendations provide a balanced approach to move our economy forward while meeting our constitutional obligation to protect our vital natural resources.

This completes the report of your subcommittee and we hope it will be the pleasure of the Senate Finance Committee to adopt our amendments.

Respectfully Submitted,

The Honorable John C. Watkins, Chairman

The Honorable Janet D. Howell

The Honorable Emmett W. Hanger, Jr.

The Honorable Henry L. Marsh, III

The Honorable L. Louise Lucas

The Honorable Frank M. Ruff, Jr.

The Honorable R. Creigh Deeds

Economic Development and Natural Resources		FY 2014	FY 2015	FY 2016	Biennial Total	FTE
1	AGRICULTURE AND FORESTRY					
2	Department of Agriculture And Consumer Services					
3	88 #3g:Correct reference		Language			
4	COMMERCE AND TRADE					
5	Economic Development Incentive Payments					
6	101 #3s:Biofuels Production Fund		\$1,586,667	\$1,586,667	\$3,173,334	
7	101 #4s:Audit Authority for Research Consortium	Language	Language			
8	101 #6s:Life Sciences Balances		(\$2,500,000)		(\$2,500,000)	
9	101 #7s:Rolls-Royce Recalculation			(\$5,500,000)	(\$5,500,000)	
10	101 #8s:MEI Site Fund			(\$2,000,000)	(\$2,000,000)	
11	Department Of Housing and Community Development					
12	103 #3s:Accessible Housing Grant			\$500,000	\$500,000	
13	104 #3s:Eliminate New Initiative		(\$250,000)	(\$250,000)	(\$500,000)	
14	108 #1s:Local Fiscal Impact Review		\$35,000		\$35,000	
15	Department Of Mines, Minerals and Energy					
16	115 #1s:Offshore Wind Energy		Language			
17	Fort Monroe Authority					
18	119 #1s:Payment in Lieu of Taxes Cap	Language	Language			
19	Virginia Employment Commission					
20	121 #1s:UI Benefits for Trailing Military		NGF			
21	Virginia Tourism Authority					
22	126 #1s:Polar Plunge		Language			
23	126 #7g:Matching requirement for VAB		Language			
24	NATURAL RESOURCES					
25	Department Of Conservation and Recreation					
26	357 #4s:Chesapeake Bay License Plates		NGF			
27	357 #11s:Rehabilitaion of SWCD Dams		\$750,000	\$1,250,000	\$2,000,000	6.0
28	357 #14g:Adjust Virginia Natural Resources Fund		NGF			
29	357 #16s:Clarify Education Language		Language			
30	358 #9s:State Park Operating Support		\$1,000,000	\$1,750,000	\$2,750,000	
31	359 #1g:Reverse agency title description		Language			

Economic Development and Natural Resources		FY 2014	FY 2015	FY 2016	Biennial Total	FTE
32	Department Of Environmental Quality					
33	360 #1s:Waste Management Fees		Language			
34	361 #2s:Restore ICPRB Dues		\$151,500	\$151,500	\$303,000	
35	363 #1s:VSMP Fees		Language			
36	363 #2s:VGIN Data for Stormwater Management		Language			
37	363 #3s:Local Stormwater Fees		Language			
38	Department Of Game and Inland Fisheries					
39	365 #1s:Hydrilla Control		Language			
40	CENTRAL APPROPRIATIONS					
41	471 #1s:Restore Outdoor Advertising Fund		\$75,000	\$75,000	\$150,000	
42	Part 3 Transfers					
43	3-1.01 #1s (29) GOF Balances	(\$9,000,000)			(\$9,000,000)	
44	3-1.01 2s (29) VJIP Balances	(\$500,000)			(\$500,000)	
45	3-5.12 #1s Entitlements for Economic Development Projects		Language			
46	Total for Economic Development and Natural Resources	(\$9,500,000)	\$848,167	(\$2,436,833)	(\$11,088,666)	6.0

Economic Development - Natural Resources
Subcommittee

Item 88 #3g

Agriculture and Forestry

Department Of Agriculture And
Consumer Services

Language

Language:

Page 72, strike lines 29 through 30 and insert:

"F. Out of the amounts in this item, \$1,841,519 the first year and \$1,841,519 the second year from the general fund shall be deposited to the Virginia Wine Promotion Fund as established in § 3.2-3005, Code of Virginia."

Explanation:

(This amendment strikes reference to the Virginia Wine Board and instead lists the appropriate special fund for which general fund appropriation for the board is to be deposited. The introduced language incorrectly directs that general fund appropriation be set aside for the Wine Board rather than for deposit to the special fund utilized by the Wine Board, the Virginia Wine Promotion Fund. As provided for in § 3.2-3005, Code of Virginia, any appropriation provided for the Wine Board is to be deposited to the Wine Promotion Fund. Each year, the general fund appropriation is deposited to this fund. This change provides for greater transparency and accuracy of the action required.)

Economic Development - Natural Resources
Subcommittee

Item 101 #4s

Commerce and Trade

Economic Development Incentive
Payments

Language

Language:

Page 82, after line 31, insert:

"6. The accounts and records of the consortium shall be made available for review and audit by the Auditor of Public Accounts upon request."

Explanation:

(This amendment provides the APA authority to audit the non-stock corporation research consortium created in this Item.)

Economic Development - Natural Resources
Subcommittee

Item 115 #1s

Commerce and Trade

Department Of Mines, Minerals
And Energy

Language

Language:

Page 90, line 3, after "Area" insert "and attendant industry".

Explanation:

(This amendment clarifies that funding in the introduced budget is for the actual development of maritime resources for the offshore wind supply chain.)

Economic Development - Natural Resources
Subcommittee

Item 119 #1s

Commerce and Trade

Fort Monroe Authority

Language

Language:

Page 92, strike line 42 through line 44

Explanation:

(This amendment removes the cap on the payment in lieu of taxes that the FMA pays to the City of Hampton, which would then set the amount based on the provisions of § 2.2-2342.B. of the Code of Virginia.)

Economic Development - Natural Resources
Subcommittee

Item 126 #1s

Commerce and Trade

Virginia Tourism Authority

Language

Language:

Page 97, line 10, before "events" insert:
"\$50,000 in the first year and \$50,000 in the second year for".

Explanation:

(This amendment clarifies existing budget language to ensure that \$50,000 from the general fund is provided each year to support the promotional activities of the Special Olympics Polar Plunge event through the Virginia Tourism Authority's

promotion funding.)

Economic Development - Natural Resources
Subcommittee

Item 126 #7g

Commerce and Trade

Virginia Tourism Authority

Language

Language:

Page 97, line 34, after "least" strike "\$240,036" and insert "\$390,036".

Page 97, line 35, after "and" strike "\$240,036" and insert "\$390,036".

Explanation:

(This amendment corrects the embedded number relating to the matching requirement for the Virginia Association of Broadcasters (VAB). The program requires a three-to-one funding match by the VAB to funding provided by the Virginia Tourism Authority (VTA). Funding provided by the VTA for the first and second years is set at \$130,012. A three-to-one match would require a matching commitment of \$390,036. However, the embedded dollar amount is listed at \$240,036. This amendment would update the embedded number to reflect the matching requirement.)

Economic Development - Natural Resources
Subcommittee

Item 357 #16s

Natural Resources

Department Of Conservation And
Recreation

Language

Language:

Page 301, line 53, after "grant" strike ", or grants,".

Page 301, line 53, after "Bay" insert "meaningful watershed".

Page 301, line 53, after "educational" insert "on-the-water".

Explanation:

(This amendment clarifies language in the introduced budget regarding Chesapeake Bay education field services.)

Economic Development - Natural Resources
Subcommittee

Item 360 #1s

Natural Resources

Department Of Environmental
Quality

Language

Language:

Page 303, line 39, before "It" insert "A."

Page 303, after line 41, insert:

"B.1. Notwithstanding the provisions of § 10.1-1232 of the Code of Virginia, the Virginia Waste Management Board shall adopt regulations adjusting the registration fees collected pursuant to § 10.1-1232.A.5 of the Code of Virginia. All of the fees adopted pursuant to this section shall be adjusted annually by the Consumer Price Index.

2. The regulations adopted by the Virginia Waste Management Board to initially implement the provisions of this item shall be exempt from Chapter 40 of Title 2.2, Code of Virginia, except that the Department of Environmental Quality shall utilize a regulatory advisory panel to assist in the development of necessary regulations and shall provide an opportunity for public comment on all regulations. Such regulations shall become effective no later than July 1, 2014. Thereafter, any amendments to the fee schedule described by these acts shall not be exempted from Chapter 40 of Title 2.2, Code of Virginia."

Explanation:

(This amendment authorizes the Waste Management Board to adopt fees necessary to cover program expenses and directs that the fees shall be adjusted based on the CPI in the future.)

Economic Development - Natural Resources
Subcommittee

Item 363 #1s

Natural Resources

Department Of Environmental
Quality

Language

Language:

Page 306, after line 29, insert:

"H. The Director of the Department shall review currently established Virginia Stormwater Management program fees and make a report to the Chairmen of the Senate Finance and House Appropriations Committees by January 1, 2015 with recommendations on revising the fee schedule or eliminating a state mandated fee

schedule."

Explanation:

(This amendment is self-explanatory.)

Economic Development - Natural Resources
Subcommittee

Item 363 #2s

Natural Resources

Department Of Environmental
Quality

Language

Language:

Page 306, after line 29, insert:

"H. Out of such funds available in this item, the Department shall provide funding to the Virginia Geographic Information Network in an amount necessary to implement statewide digital orthography to improve land coverage data necessary to assist localities in planning and implementing stormwater management programs. As part of this authorization, the Department shall also include data to update prior LIDAR surveys of elevations along coastal areas to support activities related to management of recurrent coastal flooding."

Explanation:

(This amendment authorizes DEQ to use available funding to work with VGIN to provide better data to support local stormwater programs and activities to manage recurrent coastal flooding.)

Economic Development - Natural Resources
Subcommittee

Item 363 #4s

Natural Resources

Department Of Environmental
Quality

Language

Language:

Page 306, after line 29, insert:

"H.1. Each locality establishing a utility or enacting a system of service charges to support a local stormwater management program pursuant to § 15.2-2114, Code of Virginia, shall provide to the Department of Environmental Quality by October 1 of each year, in a format specified by the Department, a report as to each program funded by these fees and the expected nutrient and sediment reductions for each of

these programs.

2. The Auditor of Public Accounts shall include in the Specifications for Audits of Counties, Cities, and Towns regulations for all local governments establishing a utility or enacting a system of service charges to support a local stormwater management program pursuant to § 15.2-2114, Code of Virginia, a requirement to ensure that each impacted local government is in compliance with the provisions of § 15.2-2114 A., Code of Virginia. Any such adjustment to the Specifications for Audits of Counties, Cities, and Towns regulations shall be exempt from the Administrative Process Act and shall be required for all audits completed after July 1, 2014."

Explanation:

(This amendment requires each local government imposing a stormwater utility fee to provide an annual report to the Department of Environmental Quality as to the programs being funded by the fee and the nutrient and sediment reductions expected to be accomplished by the programs. The amendment further requires the Auditor of Public Accounts to update requirements for local audits to ensure that all fees collected for local stormwater programs are utilized in compliance with requirements set out in the Code of Virginia.)

Economic Development - Natural Resources
Subcommittee

Item 3-5.12 #1s

Adjustments and Modifications to Tax Collections

Entitlements for Economic Development Projects

Language

Language:

Page 452, after line 39, insert:

"In determining eligibility for the entitlement to certain sales tax revenues pursuant to § 58.1-608.3, Code of Virginia, for a project that is built in distinct phases, the State Comptroller shall consider that construction, renovation or expansion is completed when each distinct phase is completed and shall make the remittances provided for in § 58.1-608.3, Code of Virginia beginning with the first quarter in which any sales tax revenue is generated by transactions taking place within each distinct phase."

Explanation:

(This amendment clarifies that a project, which qualifies for an entitlement to certain sales tax revenues, that is built in distinct phases, shall be considered complete as each distinct phase is completed.)
