
Overview of Proposed Budget Actions in SB 800

*Economic Development and Natural Resources
Subcommittee*

January 20, 2015



Commerce and Trade



Commerce and Trade

- The proposed amendments for the Commerce & Trade Secretariat contain several actions that **increase** appropriations to the area by \$10.3 million GF (6.2%) in FY 2015 and \$14.2 million GF (7.9%) as compared to Chapter 3, including:
 - Doubling the size of the Governor’s Development Opportunity Fund.
 - Increasing funding for entrepreneurial and homelessness programs.
 - Providing direct appropriation to the Virginia Coalfield EDA.
- Proposed reduction strategies in the Item 471.10 total \$4.0 million GF in the first year and \$4.8 million GF in the second year largely focus on tourism, marketing and community revitalization initiatives.
- All anticipated economic development incentive payments remain intact.



Economic Development Incentive Payments (EDIP)

- **The introduced budget provides a net of \$62.1 million GF in FY 2015 and \$79.1 million GF in FY 2016.**
 - \$19.9 million GF in the first year and \$20.7 million GF in the second year for the Governor's Opportunity Fund.
 - This is in addition to \$7.75 million reduction in balances to reflect a transfer of second year balances that occurred in November 2014.
 - \$2.8 million GF each year for the Commonwealth Research Commercialization Fund.
 - \$2.4 million GF in each year for the Motion Picture Opportunity Fund.

Performance Grant (\$ in millions)	FY 2015	FY 2016	Total
Major Eligible Employer	\$6.8	\$6.8	\$13.6
Semiconductor Manufacturing	5.4	3.8	9.2
VA Investment Partnership	3.9	3.6	7.5
Aerospace Engine Facility Incentive	0.6	13.8	14.4
Advanced Shipbuilding Training Facility	8.0	7.6	15.6
VA Economic Development Incentive Grant	4.5	5.9	10.4
VA Jobs Investment Program	5.7	5.7	11.4



Additional Economic Development Incentives

- Proposes \$0.5 million GF in the second year for the creation of a Virginia Tourism Growth Incentive Fund.
 - Legislation is required to establish the fund.
- Includes \$1.5 million GF each year for performance-based payments from the Biofuels Production Fund.
- Includes \$1.0 million GF in the second year for an international athletic competition in Fairfax County.



Department of Housing and Community Development (DHCD)

- Proposes \$1.0 million GF in the second year for expansion of the Community Business Launch Program intended to promote entrepreneurship and small business development.
 - Also proposes \$1.0 million GF in the second year for homeless rapid re-housing programs.
- Reduces by \$172.3 million NGF each year funding to administer the federal funded Section 8 Housing Assistant Payments Contract under agreement with the U. S. Department of Housing and Urban Development.
 - Originally included in 2014, however the contract has been postponed.
- **Reduces** funding for the Enterprise Zone Program by \$250,000 GF in the first year and \$400,000 GF the second year.
- **Savings** of \$750,000 GF in the first year from reducing funding for water and wastewater projects in Southwest Virginia.



Other Proposed New Spending

- Proposes to provide direct funding of \$1.2 million GF in the second year to support operations of the Coalfield Economic Development Authority.
 - Contingent upon the passage of legislation to limit the claims against the Coalfield Employment Enhancement Tax Credit.
- Proposes to increase funding for the Fort Monroe Authority by \$0.3 million GF in each year for payments in lieu of taxes to the City of Hampton.
 - Brings the total amount to \$1.3 million annually.
 - Similar request was rejected by the General Assembly in FY 2014.
- Proposes \$0.4 million GF in the second year to market tourism between the Commonwealth and China.
 - This is the first year of a three year action to fulfil a contractual agreement with Air China.



Proposed Savings Actions

- Proposed savings strategies for the Commerce & Trade Secretariat total \$4.0 million GF in the first year and \$4.8 million GF in the second year.
 - Included in these amounts are reductions to programs providing international marketing, infrastructure improvement in southwest Virginia, tourism marketing and the Virginia Sports Hall of Fame.

Agency	FY 2015	FY 2016
Housing and Community Development	\$ 1.4	\$0.8
Labor and Industry	0.1	<0.1
Mines, Minerals & Energy	0.3	0.4
Small Business & Supplier Diversity	0.0	0.3
Ft. Monroe Authority	0.3	0.3
Virginia Economic Development Partnership	0.9	1.3
Virginia Tourism Authority	1.0	1.7
TOTAL	\$4.0	\$4.8



Agriculture and Forestry



Overview of Agriculture and Forestry

- Proposed actions in Agriculture and Forestry reduce program spending by \$0.7 million (1.4%) in the first year and \$3.4 million (6.2%) in the second year when compared to Chapter 3.
- Within VDACS, the proposed amendments enhance the Weights and Measures Inspection program and the Non-Restaurant Food Establishment inspection programs with new fees.
 - \$10 per device annual weights and measures registration fee - \$0.5 million
 - Variable food establishment fee ranging from \$40 to \$375 - \$0.4 million
- Other Agriculture and Forestry reduction strategies include:
 - Reduce Purchase of Development Rights program by \$250,000 GF;
 - Eliminate State Fair funding support for 4H and Future Farmers of America;
 - Sale of two Farmers' Markets;
 - Eliminate state support of Coyote Control;
 - Defer Emergency Response Equipment, and
 - Office Closure and Personnel Savings.



Natural Resources



Overview of Natural Resources

- Proposed amendments to the Natural Resources agencies include some incremental new GF spending primarily in the Department of Conservation and Recreation, offset by reductions of \$1.2 million GF in the first year and \$2.7 million GF in the second year.
 - Fee increases for State Parks and Saltwater Fishing Licenses are also proposed.
 - Proposed actions also sweep NGF balances across several environmental protection programs.



Water Quality Improvement

- Includes \$8.2 million the second year from the Water Quality Improvement Fund Reserve Fund.
 - There is no statutorily required deposit to the WQIF.
 - This is the corpus of the Reserve.
 - The funding is proposed to be distributed as follows:
 - \$6.7 million for the Natural Resources Commitment Fund for agricultural best management practices;
 - \$0.6 for Soil and Water Conservation Districts technical assistance programs;
 - \$0.7 million for Conservation Reserve Enhancement Program and,
 - \$0.1 million for golf course nutrient management.
- Included in Capital Outlay is \$2.2 million in NGF bonds the second year for the construction of Seven Bends Park.
 - Located in Shenandoah County, would be opened as a day use facility.



Other Natural Resources Actions

- Proposes to retain general fund transfers to the Game Protection Fund of \$2.4 million in each year from sales taxes on hunting and fishing related equipment, and by \$2.2 million each year from increased watercraft sales taxes.
- The amendments also include an additional \$0.7 million in the first year and \$1.1 million in the second year for DCR operating expenses.
 - Proposed savings strategies include an additional \$0.8 million NGF in the second year from increased state park fees.
- Proposes a \$4.0 million line of credit for the Department of Conservation and Recreation to accommodate fluctuation in NGF revenues primarily from federal grants.
- Proposes to capture balances of \$0.7 million in the first year and \$0.6 million the second year from the Saltwater Recreational Fishing License Fund.
 - A fee increase of an unspecified amount would partially offset this amount in the second year.



Other Natural Resources Actions

- Proposes language authorizing the Department of Environmental Quality to establish a Class A Biosolids fee of \$3.75 per dry ton.
 - There is currently a fee on Class B producers of \$7.50 per dry ton.
 - No revenues are assumed.
- Proposed savings for the Department of Environmental Quality are the reversion of balances totaling \$3.6 million in the first year and \$2.7 million in the second year.

Fund	FY 2015	FY 2016
Waste Tire Fund	\$ 0.9	\$ 0.0
Hazardous Waste Management Fund	0.8	0.0
Emission Inspection Program Fund	1.6	0.3
Underground Petroleum Storage Tank Fund	0.0	2.4
Fish Kill Investigation Fund	>0.1	0.0
Other	0.1	0.0
TOTAL	3.6	2.7

