

Commerce and Trade

Proposed Adjustments as Introduced				
(\$ in millions)				
	FY 2019 Proposed		FY 2020 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2018-20 Base Budget, Ch. 836	\$205.6	\$761.3	\$205.6	\$761.3
Proposed Increases	18.6	6.2	21.7	5.9
Proposed Decreases	(15.3)	(65.9)	(17.1)	(71.8)
\$ Net Change	3.3	(59.7)	4.6	(66.0)
HB/SB 30, as Introduced	\$208.9	\$701.6	\$210.3	\$695.3
% Change	1.6%	(7.8%)	2.3%	(8.7%)
FTEs	368.34	1,307.66	368.34	1,307.66
# Change	0.00	0.00	0.00	0.00

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

- *Incentive Payments Holding Account.* Recommends a total of \$44.0 million GF and \$6.3 million NGF in FY 2019, and \$41.3 million GF and \$5.9 million NGF in FY 2020 for economic development programs. The following programs are included in this account:

- *Commonwealth's Development Opportunity Fund.* Proposes \$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 2018 appropriation.
- *Virginia Investment Partnership Grants.* Proposes \$4.9 million GF the first year and \$5.4 million GF the second year for the Virginia Investment Partnership Grant Program. The payments are based on negotiated grants awarded to select projects that invest in Virginia and promote stable or growing employment opportunities. The two-year appropriation represents an increase of \$5.9 million over the base.

- ***Major Eligible Employer Performance Grants.*** Provides \$1.8 million GF the first year for performance-based grants due to major employers who have met investment and job creation requirements.
- ***Governor's Motion Picture Opportunity Fund.*** Recommends level funding of \$3.0 million GF the first year and \$3.0 million GF the second year, and \$150,000 NGF each year to attract film industry production activity to the Commonwealth.
- ***Aerospace Engine Facility Incentive Payments.*** Provides \$5.5 million NGF each year from the Aerospace Manufacturing Performance Grant Fund and \$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. These amounts were previously appropriated from the general fund and deposited into the respective funds but were not paid out because of delays in meeting performance targets.
- ***Virginia Economic Development Incentive Grant (VEDIG) Program.*** Provides \$4.4 million GF the first year and \$3.0 million GF the second year for payments due to companies that have met investment and job creation criteria required by VEDIG performance agreements. The two-year total is \$4.2 million higher than the FY 2018 appropriation.
- ***Life Sciences Consortium.*** Proposes level funding of \$3.8 million GF each year for the Virginia Biosciences Health Research Corporation, a non-stock corporation research consortium that contracts with private entities, foundations and other government sources for research in the biosciences.
- ***Virginia-Israel Advisory Board.*** Provides funding of \$215,184 GF each year which is materially unchanged from FY 2018. The Virginia-Israel Advisory Board serves as a facilitator for Israeli companies interested in locating or expanding in Virginia.
- ***Funding for Marketing and Trade Missions.*** Provides \$500,000 GF each year to the Virginia Economic Development Partnership for domestic and international marketing and trade missions.

- **Board of Accountancy**

- ***NGF Appropriation for Licensing System Transition.*** Increases the nongeneral fund appropriation \$419,099 NGF the first year and \$47,214 NGF the second year for costs associated with the agency's transition to a new online licensing system.

- **Department of Housing and Community Development**

- ***Increase Funding for Broadband.*** Proposes doubling general fund support to \$2.0 million GF each year for the Virginia Telecommunications Initiative, a grant program supporting broadband deployment.
- ***Establish Virginia Grocery Investment Fund.*** Proposes new spending of \$3.8 million GF each year to establish the Virginia Grocery Investment Fund. Funding would be used to engage in public-private partnerships for the purpose of encouraging development of supermarkets and other healthier food options in underserved communities.
- ***Eliminate the Building Collaborative Communities and the Building Entrepreneurial Economies Programs.*** Proposes removing \$637,000 GF each year for the Building Collaborative Communities and Building Entrepreneurial Economies grant programs.
- ***Increase Administrative Support for GO Virginia.*** Recommends an increase in general fund spending of \$637,000 GF each year for the Department to provide additional administrative support for GO Virginia.
- ***Virginia Growth and Opportunity Fund.*** Proposed deposits to the Virginia Growth and Opportunity Fund are \$24.5 million GF each year, equal to the FY 2018 appropriation:
 - \$2.3 million GF each year to be allocated to qualifying regions to support organizational and capacity building activities.
 - \$10.9 million GF to be allocated to qualifying regions based on each region's share of the state population.
 - \$11.3 million GF to be awarded to regional councils on a competitive basis.
- ***NGF Appropriation for GO Virginia.*** Appropriates \$3.2 million NGF in unused capacity building funds from the Virginia Growth and Opportunity Fund to increase allocations for per capita grants. The additional funding for per capita grants is intended to provide a minimum of \$750,000 per year for each regional council. Those regions receiving the minimum \$750,000 allocation would be required to provide a match on the general fund portion of the allocation only.
- ***Override Limitation on Virginia Growth and Opportunity Fund Allocations.*** Includes language that proposes to override the requirement in statute that no more than 90 percent of moneys in the Virginia Growth and Opportunity fund be awarded or allocated in any fiscal year.

- *Increase Support for Rapid Re-Housing.* Proposes an increase of \$100,000 GF each year for rapid re-housing efforts, bringing the total to \$1.1 million GF each year. The increase doubles from \$100,000 to \$200,000 GF the amount specifically dedicated to addressing veteran homelessness.
- *Match Funding for National Disaster Resilience Grant.* Proposes \$1.7 million GF the second year to fund the Commonwealth’s required match as part of the National Disaster Resilience Grant. The total required match is \$5.0 million, which is anticipated to be appropriated over a three-year period ending in FY 2022.
- **Department of Labor and Industry**
 - *Reduce Federal Appropriation.* Reduces by \$350,000 NGF each year the nongeneral fund appropriation for the Virginia Occupational Safety and Health Program to reflect anticipated federal funding.
- **Department of Mines, Minerals and Energy**
 - *New Spending for Solar Energy Development.* Proposes new spending of \$1.0 million GF each year to establish programs for subsidizing solar energy projects. Of this amount, \$350,000 GF is proposed to support a revolving loan program, and \$650,000 GF is proposed for a loan loss reserve program.
 - *New Funding for Energy Storage Projects.* Proposes new spending of \$120,000 GF each year to support the development of pumped storage hydro-electric energy systems in the Commonwealth.
- **Department of Small Business and Supplier Diversity**
 - *Small Business Jobs Grant Fund.* Reduces the NGF appropriation by \$175,000 NGF the first year and \$500,000 NGF the second year to align with the fund’s anticipated cash balance. No additional general fund deposits are proposed, and it is expected that by FY 2020, the fund balance will be zero.
 - *Upgrade Expenditure Dashboard.* Proposes new spending of \$250,000 GF the first year to upgrade the agency’s expenditure dashboard application used to track and report spending by state agencies with small businesses.
- **Fort Monroe Authority**
 - *Support for Loss of Federal Grant.* Proposes \$628,000 GF each year for the Fort Monroe Authority to supplant the loss of federal funding.

- *Maintenance Reserve.* In addition, out of bond proceeds for capital costs of maintenance reserve projects, \$2.0 million the first year is designated for building and utility repairs at Fort Monroe.
- **Virginia Economic Development Partnership**
 - *Establish a Customized Workforce Recruitment and Training Program.* Proposes new spending of \$2.5 million GF the first year and \$5.0 million GF the second year to create a customized workforce recruitment and training program for eligible new or expanding companies in the Commonwealth.
 - *Additional Funding for Marketing.* Provides an additional \$200,000 GF each year of the biennium for economic development marketing efforts.
 - *Funding for Incentives Management.* Recommends an increase of \$364,035 GF each year to provide support for the Division of Incentives. Legislation enacted by the 2017 General Assembly required the creation of the division responsible for reviewing, vetting, tracking, and coordinating economic development incentives.
- **Virginia Employment Commission**
 - *Reduce Federal Appropriation.* Reduces the agency’s nongeneral fund appropriation by \$53.5 million NGF the first year and \$58.7 million NGF the second year based on anticipated federal revenue.
 - *Retain NGF for Operations and IT Upgrades.* Language redirects up to \$600,000 NGF in proceeds from the sale of the Norfolk office to support service levels in the agency’s local offices, and provides for the retention of up to \$2.2 million NGF for information technology upgrades.
- **Virginia Tourism Authority**
 - *Increase Advertising and Marketing Funds.* Proposes an increase of \$200,000 GF each year to expand tourism marketing.
 - *Increase Asian Market Tourism Promotion.* Recommends an increase of \$50,000 GF the second year. Proposed funding over the biennium for this initiative is \$400,000 GF the first year and \$450,000 GF the second year, representing the second and third payments in a three-year agreement with Air India to establish nonstop air service between Delhi, India and Washington Dulles International Airport.
 - *Richmond Tourism Initiative.* Proposes new spending of \$150,000 GF each year to support a multi-year tourism development initiative in partnership with the Richmond Raceway.

Agriculture and Forestry

Proposed Adjustments as Introduced				
(\$ in millions)				
	FY 2019 Proposed		FY 2020 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2016-18 Base Budget, Ch. 836	\$53.9	\$53.3	\$53.9	\$53.3
Proposed Increases	2.7	1.3	2.5	1.3
Proposed Decreases	<u>(0.1)</u>	<u>(0.5)</u>	<u>(0.1)</u>	<u>(0.5)</u>
\$ Net Change	2.6	0.8	2.4	0.8
HB/SB 30, as Introduced	\$56.5	\$54.1	\$56.3	\$54.2
% Change	4.9%	1.5%	4.5%	1.5%
FTEs	498.59	337.41	498.59	337.41
# Change	2.00	0.00	2.00	0.00

- **Secretary of Agriculture and Forestry**

- *Secretariat Operating Costs.* Proposes to increase the appropriation to the Office of the Secretary by \$107,500 (28 percent) each year from the general fund to support operations of the Office.

- **Department of Agriculture and Consumer Services**

- *Industrial Hemp Research Program.* Proposes \$156,395 GF each year and 2.00 FTE positions for marketing, staffing, and expansion of the industrial hemp research program. It is anticipated that the funding would allow VDACS to establish a registration program to allow all individuals and institutions of higher education to participate in growing and processing industrial hemp for research purposes. While the proposed funding and position increases are included in the introduced bill, there is no controlling language to describe the purpose of the funding or authorization for the expansion.
- *Food Programs Study.* Recommends VDACS, in collaboration with the Department of Health, to assess the long-term funding of the food safety and restaurant inspection programs with an emphasis on assessing the likelihood of additional general fund resources for this activity, the establishment of a flexible

fee schedule, and the consolidation of the two programmatic activities to achieve programmatic efficiencies. The proposed plan, and accompanying draft legislation, would be due no later than October 1, 2018. A companion amendment is included in the Department of Health.

- ***Virginia Wine Promotion Fund.*** Proposes an increase of \$256,198 GF each year to the fund to reflect increased wine liter tax collections that are dedicated by statute to the fund, bringing the total to approximately \$2.3 million per year.
 - ***Authorize Sale of Eastern Shore Produce Market.*** Includes language in Part 3-1.01 to authorize VDACS, in cooperation with the Department of General Services, to sell the New Market Office Building and Produce Warehouse which is located in Melfa, Virginia. After any requisite remediation costs and bond defacement costs, the remaining proceeds would be deposited to the general fund.
 - ***Agriculture and Forestry Industries Development Fund.*** Includes \$1.0 million from the general fund each year to support grants or loans for the AFID program. Also proposes \$221,473 GF each year to support administrative costs of the program. Both are maintained at the level funded in Chapter 836 of the 2017 Acts of Assembly.
 - ***Farmland Preservation.*** Proposes \$250,000 GF each year to the Virginia Farmland Preservation Fund to be used to provide matching grants to local purchase of development rights programs. The funding level mirrors the amounts authorized in the current fiscal year.
- **Department of Forestry**
 - ***Enhance Nursery Capacity.*** Proposes a one-time increase of \$236,000 GF the first year for the Tree Restoration, Nurseries and State-Owned forest land program to begin production of containerized longleaf and loblolly pine seedlings.

Natural Resources

Proposed Adjustments as Introduced				
(\$ in millions)				
	FY 2019 Proposed		FY 2020 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2016-18 Base Budget, Ch. 836	\$109.8	\$265.6	\$109.8	\$265.6
Proposed Increases	27.6	11.3	4.6	10.6
Proposed Decreases	<u>(2.0)</u>	<u>(1.7)</u>	<u>(1.8)</u>	<u>(1.7)</u>
\$ Net Change	25.6	9.5	2.7	8.9
HB/SB 30, as Introduced	\$135.4	\$275.0	\$112.6	\$274.5
% Change	23.3%	3.6%	2.5%	3.4%
FTEs	1,022.50	1,159.5	1,022.50	1,159.5
# Change	0.00	4.00	0.00	4.00

- **Secretary of Natural Resources**

- *Reporting on Settlements.* Retains language, included in Chapter 836 of the 2017 Acts of Assembly, requiring the Secretary of Natural Resources to report annually on all settlement agreements to which the Secretary is a signatory and provide copies of any finalized settlements to the Chairman of the House Appropriations and Senate Finance committees within 15 days of finalization. The introduced budget contains multiple actions relating to the recent DuPont settlement and Surry-Skiffes Creek mitigation agreements.

- **Department of Conservation and Recreation**

- *Provide Water Quality Improvement Fund Deposit.* Includes \$22.5 million GF in FY 2019, representing the statutory deposit to the Water Quality Improvement Fund (WQIF) based on the FY 2017 revenue surplus and unexpended balances. Out of this deposit, a series of designations are made, including: (1) the required deposit of 15 percent, or about \$2.0 million, to the WQIF reserve fund, (2) the transfer of \$19.8 million to the Virginia Natural Resource Commitment Fund of which \$18.4 million is agricultural best management practices, (3) the provision of \$2.4 million to soil and water conservation districts for technical assistance, and (4)

the use of \$750,000 to provide \$250,000 to develop a tracking and reporting module for the Ag BMPs database and \$500,000 to be used as match for the federal Conservation Reserve Enhancement Program (CREP).

- ***Increase Nongeneral Fund Appropriations.*** Increases the department’s nongeneral fund appropriation by \$3.9 million each year to align anticipated revenues and spending levels.
- ***Appropriate Nongeneral Fund Settlement Monies to Support Middle Peninsula State Park.*** Proposes a nongeneral fund appropriation of \$509,955 the first year and \$317,124 the second year as well as 3.00 FTE positions from mitigation settlement amounts relating to the Skiffes Creek settlement. These amounts will cover operating costs at Middle Peninsula State Park for the biennium. Beginning in FY 2021, these costs will have to be covered by the General Fund. Accompanying language exempts the acquisition of property resulting from mitigation settlements from the prohibition on the acceptance of property that result in additional operating expenses. A companion amendment in Capital Outlay authorizes the acceptance of this property which is being donated as a State Park as part of the Skiffes Creek settlement.
- ***Wi-Fi Connectivity in State Parks.*** Includes \$526,888 GF the first year and \$9,460 the second year to install Wi-Fi connections at eight state parks and expand Wi-Fi coverage at 14 additional parks.
- ***Increase Virginia Land Conservation Fund.*** Proposes an additional appropriation of \$312,500 to the Virginia Land Conservation Fund to reflect revenue received from the Skiffe’s Creek mitigation settlement.
- ***Virginia Outdoors Foundation.*** Provides \$250,000 GF each year to support the establishment of a new urban open-space preservation grant program.
- ***Dam Rehabilitation Plan.*** Proposes language that extends the date for the submission of the Plan for the Rehabilitation of Soil and Water Conservation District Dams by one year to November 1, 2018.
- ***Capital Outlay Authorizations.*** In addition to the language authorizing the acceptance of land for the Middle Peninsula State Park as part of the Skiffe’s Creek Settlement, there are four other Capital Outlay amendments relating to DCR. The first provides a nongeneral fund appropriation of \$3.6 million in the first year to acquire three additional Natural Areas Preserves (two being provided from funds generated by the DuPont Settlement and one from the Skiffe’s Creek Settlement). The second provides \$1.5 million NGF in the first year to acquire land from the U.S. Navy to expand the York River State Park. The third proposal would authorize the issuance of \$4.0 million in bonds to make infrastructure repairs

including roadway improvements and bath houses at various State Parks. Finally, HB/SB 30 proposes the authorization of \$7.5 million in bonds for cabin improvements at Douthat, First Landing and Fairy Stone State Parks.

- **Department of Environmental Quality**

- *Water Quality Monitoring.* Provides \$14,000 GF each year to support increased water monitoring activities.
- *Clean Power Plan Language.* Eliminates language that had been included in Chapter 836 which prohibited the use of air protection program funds to develop a Clean Power Plan as the federal requirement has been repealed.
- *Alexandria CSO.* An amendment in Capital Outlay authorizes \$20.0 million in bonds to address improvements related to Alexandria’s Comprehensive Sewer Overflow project.

- **Department of Game and Inland Fisheries**

- *Appropriate Settlement Revenues.* Increases the agency’s nongeneral fund appropriation by \$768,400 each year resulting from the dedication of a portion of the Skiffe’s Creek mitigation settlement funds for improvements to Hogg’s Island.
- *Capital Outlay.* Amendments in Capital Outlay propose nongeneral fund appropriations totaling \$9.4 million the first year and \$10.4 million the second year for the department. These amounts include \$1.9 million each year for maintenance reserve projects; \$1.0 million for wildlife management area improvements; \$5.0 million each year for the acquisition of additional land; \$500,000 each year for dam improvements; and \$1.0 million the first year and \$2.0 million the second year to improve boating access.
- *Game Protection Fund Transfers.* Includes the appropriation of \$33.7 million nongeneral fund over the biennium, representing transfers from the general fund of sales tax revenues generated from the sale of watercraft and from hunting, fishing and sporting activities.

- **Department of Historic Resources**

- *Easement Coordinator.* Provides \$97,799 and one nongeneral fund position each year to support an additional easement coordinator to assist with negotiating conservation easements. Current staffing levels only support the process of approximately 50 percent of the 30 easements proposed each year. The cost of the position would be supported by a proposed administrative fee authorized in accompanying language. The level of the fee is not set out.

- *Project Review Archeologist.* Proposes \$93,004 GF each year for an additional archaeologist to support environmental and historic reviews of projects impacting historic resources.
- *Federal Grant Funding.* Provides a nongeneral fund appropriation of \$500,000 each year to support federal grant awards for which the department serves as a pass-through agent.
- *Appropriate Settlement Funds.* Proposes to provide \$200,000 NGF the first year and \$100,000 NGF the second year to reflect anticipated revenue from the Surry-Skiffe’s Creek mitigation agreement.
- *Battlefields Preservation Fund.* Continues to provide \$1.0 million GF each year for land acquisition and preservation of battlefields across the Commonwealth. This is one of three amendments in the Natural Resources and Agriculture & Forestry Secretariat that provide dedicated general funds each year for land conservation activities.
- *Historic African American Graves.* Provides an additional \$960 from the general fund each year to support African American graves at the Daughters of Zion Cemetery in Charlottesville. The payment rate is set at \$5.00 per grave per year.

- **Marine Resources Commission**

- *Tangier Island Seawall Project.* Provides \$245,687 GF the first year and \$233,637 GF the second year for the state share of the federally-funded Tangier Island Seawall Project. A companion amendment to reduce FY18 funding amounts is included in the proposed amendments to HB/SB 29.
- *Derelict Barge Removal.* Proposes \$190,000 GF the second year to fund the costs of removing a derelict barge in Belmont Bay at the mouth of the Occoquan River between Fairfax and Prince William Counties.
- *IT Upgrade for New Headquarters.* Recommends \$52,000 GF each year to cover increased costs associated with upgrading internet bandwidth at the Commission’s new headquarters which will be located at Fort Monroe.