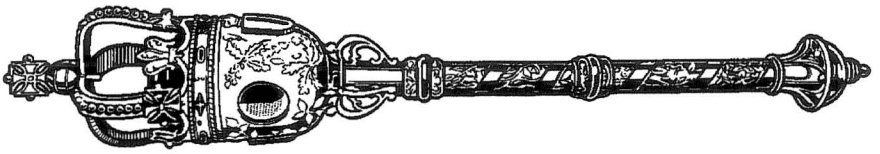
Report of the House Appropriations Subcommittee

on

Economic Development, Agriculture and Natural Resources



House Bill 1500

February 6, 2011

REPORT OF THE SUBCOMMITTEE
on
Economic Development, Agriculture and Natural Resources

Mr. Chairman and Members of the Committee:

Growing the tax base through business development is the key to Virginia's continued economic recovery and why the amendments proposed by the Subcommittee include $50.0 million of investments to support economic development. The package before you seeks to expand our economy through targeted program investments and tax credits as well as by reducing costs to Virginia businesses.

As we began our review of the funding proposed for Commerce and Trade agencies, this Subcommittee recognized that prior to starting new initiatives, we have a responsibility to support programs that have a demonstrated track record of spurring economic growth. And as you know, economic development encompasses more than just attracting new businesses; it also involves making sure our actions do not deter business growth. Oftentimes the best thing government can do is simply stay out of the way.

I am pleased to report that the subcommittee recommends eliminating the accelerated sales tax for all businesses with sales of $50.0 million or less in fiscal year 2011. This will remove all but 184 of the 8,762 retailers made subject to the acceleration last year. Mr. Chairman, I applaud you for directing the necessary $111.6 million made available through the Mid-Session Revenue Reforecast released Friday to this purpose. Not only will this remove burdens from our retailers, it will provide for a more structurally balanced budget going into the next biennium.

The subcommittee also decided to look for other ways to reduce regulatory costs and is proposing to redirect $5.7 million to

eliminate fees paid by businesses, particularly in the hospitality industry. Included in the amendments before you are reductions in both the Virginia Department of Agriculture and Consumer Service's and the Department of Health's inspection fees. Also contained in the amendments is the elimination of the apprenticeship program fee authorized last Session, and the rejection of a new fee on medical providers. These amendments provide general fund support to replace the fee revenue removed on a dollar-for-dollar basis.

The budget also recognizes $10.3 million of foregone revenues to fund three new tax credits adopted by the 2011 General Assembly aimed at attracting and expanding growth in key sectors of our economy. We have provided the necessary funding to support the new research and development tax credit, two measures designed to incentivize the use of Virginia's port facilities, and a tax credit to help our growing native wine industry.

In terms of programmatic funding to support economic development, the largest investment is $25.0 million for the new Virginia Research and Technology Innovation Program, or VRTIP. We recognize that our future economic growth depends on strengthening the linkage between economic development and higher education to ensure we have well-qualified employees and a research establishment to support key growth sectors. Pursuant to the provisions of House Bill 2324, the Subcommittee recommends providing $5.0 million for the Center for Innovative Technology's GAP Fund as well as $5.0 million for the Commonwealth Commercialization Research Fund. The remaining $15.0 million is transferred to higher education to support STEM and other targeted research activities at our colleges and universities.

Other programs receiving increased funding include the loan guarantee programs at the Virginia Small Business Financing Authority. We propose $5.0 million to recapitalize their programs. In these times of tight lending standards, often all a company needs is a little bit of support to grow their business and expand jobs. Amendments also reflect an increase of $1.5 million in funding for the Enterprise Zone Grant Program to help reduce pro-ration of

grants in this popular program, an increase of $1.0 million for the existing tourism regional grant program to leverage state dollars with local and private match, the provision of $1.0 million GF and $2.0 million from proceeds from the sale of surplus property for industrial site redevelopment, and $600,000 for VDACS to market Virginia's agriculture products overseas.

While improving Virginia's tax base through business improvement is the key to improving Virginia's economy, it is equally important to improve the protection of Virginia's environment.

As we began our review of the funding proposed for the Natural Resource agencies, this Subcommittee recognized that the Watershed Implementation Plan developed in response to the U.S. Environmental Protection Agency's requirements would affect the manner in which farms operate, localities regulate development, and the pace at which wastewater treatment plants upgrade their capabilities. This Subcommittee's recommendations are designed to address the impact of these new requirements.

I am pleased to report the Subcommittee recommends providing $34.6 million for deposit to the Water Quality Improvement Fund. The primary vehicle for implementing agricultural best management practices and upgrading Virginia's wastewater treatment plants, the Subcommittee recommends depositing $22.9 million into the Natural Resources Commitment Fund for the implementation of agricultural best management practices and the provision of technical assistance to farmers by soil and water conservation districts.

The Subcommittee also recommends an additional $1 million for Virginia's soil and water conservation districts. The soil and water conservation districts provide not only technical assistance for the implementation of agricultural best management practices, but other advice about improving farm operations. This strategic investment will increase the number of district staff able to assist Virginia's farmers at a time when more is being asked of the farming community. The Subcommittee is also recommending $3.1 million for use by

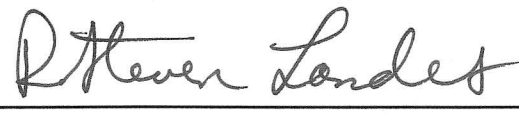
the Department of Environmental Quality to continue upgrading Virginia's wastewater treatment plants.

However, just as it is prudent to have a Revenue Stabilization Fund as a means to address downturns in the economy, it is equally prudent to reserve a portion of the surplus dedicated to the WQIF to protect Virginia's environment when other funding sources are unavailable. The Subcommittee is recommending that $5.5 million be transferred to the Water Quality Improvement Fund Reserve Fund, which was created by the General Assembly in 2004. This reserve fund has served us well, providing a source of funding for the implementation of agricultural best management practices during the most recent economic downturn.

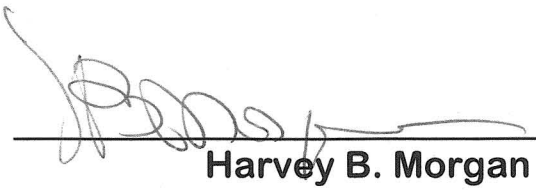
Finally, this Subcommittee is also recommending $1.0 million for the preservation of Civil War historic sites. This funding would be deposited into the Civil War Historic Site Preservation Fund, which requires non-profit organizations to match any grant from the fund on at least a dollar-for-dollar basis. As Virginia is preparing for the Sesquicentennial of the American Civil War, this amount is strategic investment in the preservation of the sites that many will come to Virginia to visit.

In closing, I would like to thank Chairman Putney and the members of the Subcommittee for their hard work and support during the Session in putting the Subcommittee budget together. Committee staff will review the report and the attached listing of our recommendations at this time, and I hope it will be your pleasure to adopt our Subcommittee Report.

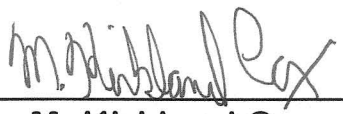
Respectfully Submitted by the House Appropriations Subcommittee on Economic Development, Agriculture & Natural Resources:



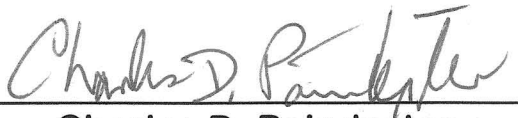
R. Steven Landes, Chairman



Harvey B. Morgan

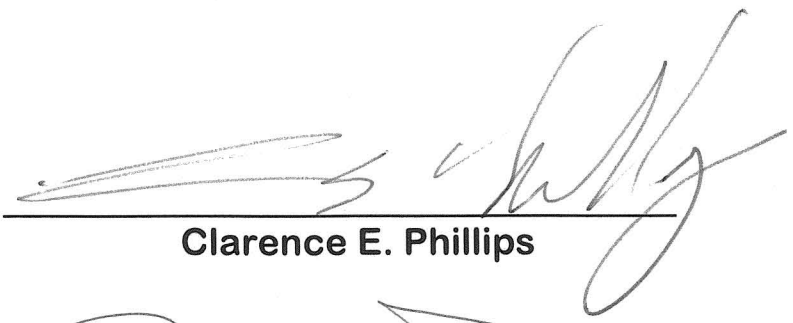


M. Kirkland Cox

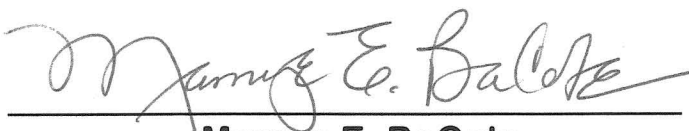


Charles D. Poindexter

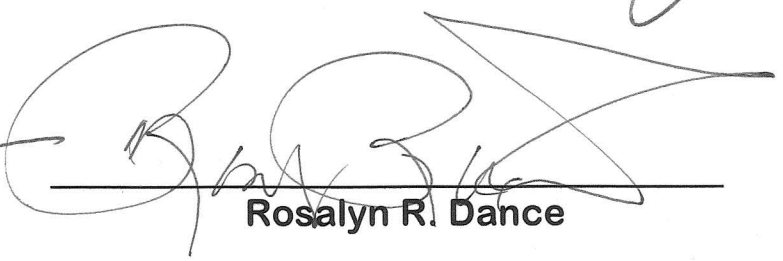
Watkins M. Abbitt, Jr.



Clarence E. Phillips



Mamye E. BaCote



Rosalyn R. Dance

Budget Amendment Recommendations

Budget Amendment Recommendations

HB 1500 Amendment	2010-12 BIENNIAL TOTAL General Fund	Nongeneral Fund	FTE
AGRICULTURE AND FORESTRY			
Virginia Department Of Agriculture and Consumer Services			
VDACS International Marketing	600,000		
Reduce VDACS Food Inspection Fee	540,000	(540,000)	
COMMERCE & TRADE			
Economic Development Incentive Payments			
Remove FY 2012 BRAC Addition	(7,500,000)		
Allocate VRTIP Funding to C and T and Higher Education	(15,000,000)		
Remove Motion Picture Opportunity Fund Increase	(2,000,000)		
Department Of Business Assistance			
Set Out DBA Programs and Eliminate New Tourism Loans	(2,000,000)		
Department Of Housing And Community Development			
Reduce Indoor Plumbing Funds	(295,206)		
Shift Portion of Industrial Site Redevelopment Fund	(3,000,000)		
Reduce Increase for Main Street Program	(250,000)		
Increase Funding for Enterprise Zone Grants	500,000		
Department of Labor and Industry			
Eliminate Apprenticeship Fee	253,550	(253,550)	
Administrative Reduction	(175,000)		
Department of Mines, Minerals and Energy			
Revised Estimate of Solar Photovoltaic Grant Amount	(263,500)		
Virginia Economic Development Partnership			
Satellite for Comm Ctr.for Advanced Manufacturing	Language		
Eliminate Wet Lab Funding	(2,400,000)		
Reduce New Regional Collaboration Initiative	(200,000)		
Fund Portion Trade Mission to Israel	Language		
Transfer VCSFA to Dept. of Aviation	(1,379,095)		
Virginia Tourism Authority			
Restore Outdoor Advertising w/ 6% Reduction	70,965		
Remove Public Television Advertising	(150,000)		
Use of Regional Tourism Grants	Language		
Remove Non-State Funding	(1,000,000)		

Budget Amendment Recommendations

Budget Amendment Recommendations

HB 1500 Amendment	2010-12 BIENNIAL TOTAL General Fund	Nongeneral Fund	FTE
NATURAL RESOURCES			
Secretary of Natural Resources			
Center for Coldwaters Restoration	Language		
Department of Conservation and Recreation			
Funding for Chesapeake Bay Restoration Fund Grants		311,777	
Funding for Soil and Water Conservation Districts	1,000,000		
Reallocation of DCR Portion of WQIF Deposit	Language		
Report on Use of Ag BMPs by Type of Farm	Language		
Reduce Land Conservation Funding	(1,000,000)		
Supplant GF Costs with NGF Revenue	(142,536)		
Department of Environmental Quality			
Adjust Location of Water Supply Planning Reduction	80,000		
Adjust Location of DEQ Portion of WQIF Deposit	(3,644,300)		
Adjust Program for Water Quality Monitoring Reduction	Language		
Provide NGF for Air Protection Program		827,815	
Adjust Location of Water Supply Planning Reduction	(80,000)		
Adjust Location of DEQ Portion of WQIF Deposit	3,644,300		
Reallocation of DEQ Portion of WQIF Deposit	Language		
Adjust Position Level			(6)
Central Appropriations			
Fund IG for TICRC from TICRC Funds	Language		
Part 3			
Additional Transfer	Language		
Increase AST Threshold to $50.0 million	Language		
Total: HB 1500	(33,790,822)	346,042	(6)

Commerce - Economic Development Subcommittee — Item 84 #6h

Agriculture And Forestry	**FY 10-11**	**FY 11-12**	
Department Of Agriculture And Consumer Services	$0	$600,000	GF

Language:

Page 68, line 27, strike "$16,482,280" and insert "$17,082,280".

Page 69, after line 37, insert:

"G. Out of the amounts for this Item, the Commissioner is authorized to expend $600,000 from the general fund in the second year for the promotion of Virginia's agricultural products overseas. Such efforts shall be conducted in concert with the international offices opened by the Virginia Economic Development Partnership."

Explanation:

(This amendment provides $600,000 in the second year to the Department of Agriculture and Consumer Services to allow them to contract with in-country representatives to assist in the marketing of Virginia's agricultural produces overseas. This amendment leverages the funding provided to the VEDP in the 2010 Session to open additional foreign offices in China, India and the European Union to market Virginia as a business location. VDACS hired consultants will work out of these existing offices.)

Commerce - Economic Development Subcommittee — Item 89 #1h

Agriculture And Forestry	**FY 10-11**	**FY 11-12**	
Department Of Agriculture And	$0	$540,000	GF
Consumer Services	$0	($540,000)	NGF

Language:

Page 71, line 9, strike: "$100" and insert "$40".

Page 71, line 14, strike "$100" and insert "$40".

Explanation:

(This amendment lowers the Virginia Department of Agriculture and Consumer Services' annual food licensing fee that was increased in the 2010 Session of the General Assembly to revert it to its previous level and provides a like amount of general fund support to backfill the reduced nongeneral fund fee revenues that will

be collected.)

Commerce - Economic Development Subcommittee Item 96 #2h

Commerce And Trade	**FY 10-11**	**FY 11-12**	
Economic Development Incentive Payments	$0	($7,500,000)	GF

Language:

Page 76, line 3, strike "$76,650,384" and insert "$69,150,384".
Page 78, line 1, strike "and $7,500,000 in the".
Page 79, line 2, strike "second year".

Explanation:

(This amendment removes a proposal included in House Bill 1500 as introduced which would provide an additional $7.5 million in the fiscal year 2012 to purchase properties in Virginia Beach to limit encroachment on the Oceana Master Jet Base. The City of Virginia Beach still has $12.4 million for such purchases in the current biennium, and even if all pending offers of sale were agreed to, $10.0 million would remain available for additional land purchases.)

Commerce - Economic Development Subcommittee Item 96 #3h

Commerce And Trade	**FY 10-11**	**FY 11-12**	
Economic Development Incentive Payments	$0	($15,000,000)	GF

Language:

Page 76, line 3, strike "$76,650,384" and insert "$61,650,384".
Page 78, line 57, strike "$25,000,000" and insert "$10,000,000".
Page 79, line 1, after "Investment", strike remainder of line and insert "Program".
Page 79, strike line 2 and 3, and insert:
"This appropriation includes $10,000,000 million from the general fund in the second year which shall be distributed as follows: $5,000,000 shall be deposited into the Center for Innovative Technology's GAP Funds and $5,000,000 shall be deposited into the Commonwealth Research Commercialization Fund created pursuant to § 2.2-2233.1, Code of Virginia. These funds shall be utilized for the purposes set forth in House Bill 2324 as adopted by the 2011 General Assembly."

Explanation:

(This amendment spreads the amounts provided for research through the new Virginia Research and Technology Investment Program established pursuant to House Bill 2324. $10.0 million from the general fund in the second year is allocated within the Secretariat of Commerce and Trade. The remainder is transferred to research endeavors within higher education.)

Commerce - Economic Development Subcommittee — Item 96 #4h

Commerce And Trade	**FY 10-11**	**FY 11-12**	
Economic Development Incentive Payments	$0	($2,000,000)	GF

Language:

Page 76, line 3, strike "$76,650,384" and insert "$74,650,384".
Page 77, line 30, unstrike "$1,000,000" and strike "$3,000,000".

Explanation:

(This amendment removes the proposed increase for the Motion Picture Opportunity Fund.)

Commerce - Economic Development Subcommittee — Item 98 #1h

Commerce And Trade	**FY 10-11**	**FY 11-12**	
Department Of Business Assistance	$0	($2,000,000)	GF

Language:

Page 79, line 33, strike "$18,644,897" and insert "$16,644,897".
Page 80, strike lines 1 through 41and insert:
"A. The appropriation for this item includes $9,876,416 the first year and $6,376,417 from the general fund for the Virginia Jobs Investment Program at the Department of Business Assistance. It is the intent of the General Assembly that a minimum of 10 percent of the amounts provided for the Virginia Jobs Investment Program each year shall be transferred to the Small Business Jobs Grant Fund established pursuant to § 2.2-904.2, Code of Virginia, and shall only be used for the purposes of that section. Periodically, the agency shall report to the Governor and the Secretary of Commerce and Trade the expenditure of the Small Business Jobs Grant Fund and anticipated needs for small business development in order to monitor

the effective use of funds and provide additional funding as needed for small businesses.

B.1. The appropriation for this item includes $1,000,000 the first year from the general fund for the Virginia Small Business Financing Authority's Loan Guarantee Program.

2. The appropriation for this item includes $5,000,000 the second year from the general fund for the Virginia Small Business Financing Authority's Loan Guaranty, the Virginia Capital Access Program, and the State Loan Participation Program. The Virginia Small Business Financing Authority is authorized to distribute this amount among these programs to best meet market needs for the respective programs.

3. The Virginia Small Business Financing Authority is authorized to withdraw revenues of up to $50,000 the first year and $50,000 the second year from the accrued interest balances of the Virginia Small Business Growth Fund in order to cover the costs of administering the Virginia Capital Access Program.

4. To meet changing financing needs of small businesses, the Executive Director of the Virginia Small Business Financing Authority with the approval of the Director of the Department of Business Assistance may transfer moneys between funds managed by the Authority. These include the Virginia Small Business Growth Fund (§ 2.2-2310, Code of Virginia); the Virginia Export Fund (§ 2.2-2309, Code of Virginia); and the Insurance or Guarantee Fund (§ 2.2-2290, Code of Virginia). The Executive Director of the Virginia Small Business Financing Authority shall report, by fund, the transfers made by January 1 of each year to the Chairmen of the Senate Finance and House Appropriations Committees.

C. The appropriation for this item includes $500,000 the first year and $500,000 the second year from the general fund to support the Business One-Stop Program at the Department of Business Assistance.

D. The appropriation for this item includes $875,464 the first year and $945,299 the second year from the general fund for the business information services operating expenses

E.1. Out of the amounts for Economic Development Services shall be provided $127,465 the first year and $127,465 the second year from the general fund to the Virginia-Israel Advisory Board

2. The Virginia-Israel Advisory Board shall report by January 15 of each year to the Chairmen of the Senate Finance and House Appropriations Committees on the Board's activities and expenditure of state funds."

Explanation:

(This amendment removes all language associated with the Department of Business Assistance and replaces it with language clearly setting out where the funds appropriated to the agency are to be spent. Language included in Chapter 874 as adopted by the 2010 General Assembly directed that when the amendments to the fiscal year 2010-2012 budget were presented, the separate DBA programs would be set out. Also included is the elimination of a proposal to provide $2.0 million for a new micro-tourism loan fund. $5.0 million is provided in the second year to recapitalize the Virginia Small Business Financing Authority's programs.)

Commerce - Economic Development Subcommittee Item 100 #3h

Commerce And Trade	**FY 10-11**	**FY 11-12**	
Department Of Housing And Community Development	$0	($295,206)	GF

Language:

Page 81, line 46, strike "$59,389,810" and insert "$59,094,604".

Explanation:

(This amendment reduces by 12.4% the state funding provided for the indoor plumbing program in the second year. Federal funds for this program do not require a match. This proposals was included in the 6% reduction plan submitted by the agency to the Governor this fall and would result in six fewer households receiving assistance.)

Commerce - Economic Development Subcommittee Item 100 #4h

Commerce And Trade	**FY 10-11**	**FY 11-12**	
Department Of Housing And Community Development	$0	($3,000,000)	GF

Language:

Page 81, line 46, strike "$59,389,810" and insert "$56,389,810".
Page 84, line 41, strike "$4,000,000" and insert "$1,000,000".
Page 84, line 41, after "general fund", insert:
"and amounts generated from the sale of surplus state property pursuant to the provisions of § 2.2-1156, Code of Virginia, that otherwise would have been returned to the general fund provided such amount does not exceed $2,000,000".

Explanation:

(This amendment reduces the general fund appropriation requested for the Derelict Structures Fund managed by the Department of Housing and Community Development. Retained is $1.0 million from the general fund to recapitalize this fund as well as any amount up to $2.0 million generated from the sale of surplus property that would otherwise revert to the general fund. This does not impact amounts set aside under existing law for the Conservation Resources Fund.)

Commerce - Economic Development Subcommittee — Item 100 #5h

Commerce And Trade	**FY 10-11**	**FY 11-12**	
Department Of Housing And Community Development	$0	($250,000)	GF

Language:

Page 81, line 46, strike "$59,389,810" and insert "$59,139,810".
Page 84, line 44, strike "$500,000" and insert "$250,000".

Explanation:

(This amendment reduces the proposed increase for the DHCD Main Street Program for $500,000 to $250,000 in the second year. Current funding for the program totals $139,000 each year. The reduced increase would still more than double funding available for this program and allow for the addition of two new Main Street Communities as well as fund additional feasibility studies in existing Main Street Communities.)

Commerce - Economic Development Subcommittee — Item 101 #2h

Commerce And Trade	**FY 10-11**	**FY 11-12**	
Department Of Housing And Community Development	$0	$500,000	GF

Amendments to House Bill 1500, as Introduced

Language:

Page 84, line 48, strike "$13,423,354" and insert "$13,923,354".

Page 85, line 2, strike $13,150,000" and insert "$13,650,000."

Explanation:

(This amendment increases by $500,000 in the second year the amounts provided for the Enterprise Zone grants. This amount is in addition to the increase of $1.0 million included in House Bill 1500 as introduced. The intent is to begin to reduce the pro-ration required within the program.)

Commerce - Economic Development Subcommittee — Item 105 #1h

Commerce And Trade	**FY 10-11**	**FY 11-12**	
Department Of Labor And Industry	$0	$253,550	GF
	$0	($253,550)	NGF

Language:

Page 86, strike lines 2 through 5.

Explanation:

(This amendment eliminates the authority for the Department of Labor and Industry to assess an annual participation fee of $55.00 on participants in the department's apprenticeship program. Accompanying the elimination of the fee authority is a reduction in the nongeneral fund amounts assumed to be generated by the fee in fiscal year 2012 and an increase of general fund support for the program in fiscal year 2012 of the same amount. Because the agency did not implement the fee in fiscal year 2011 as authorized, but instead used other available agency funds to support the program, the language can be removed in its entirety even though the amendments to Chapter 874 will go into effect prior to the start of fiscal year 2012.)

Commerce - Economic Development Subcommittee — Item 109 #1h

Commerce And Trade	**FY 10-11**	**FY 11-12**	
Department Of Labor And Industry	$0	($175,000)	GF

Language:

Page 86, line 37, strike "$3,261,579" and insert "$3,086,579".

Explanation:

(This amendment would reduce the budget at the Department of Labor and Industry in the second year by $175,000 to reflect both the backfill of general funds provided in a companion amendment eliminating the apprenticeship program fee, and to reflect the fact that agency was able to continue operations without imposing the fee, valued at $253,000 annually, after authorization was given by the 2010 General Assembly.)

Commerce - Economic Development Subcommittee Item 111 #2h

Commerce And Trade	**FY 10-11**	**FY 11-12**	
Department Of Mines, Minerals And Energy	$0	($263,500)	GF

Language:

Page 87, line 50, strike "$2,750,473" and insert "$2,486,973".
Page 88, line 15, strike "$337,500" and insert "$74,000".

Explanation:

(This amendment reflects the updated estimate from the company receiving grants under the solar photovoltaic incentive program on the amounts they will be eligible for in fiscal year 2012 based on their 2010 production levels.)

Commerce - Economic Development Subcommittee Item 114 #1h

Commerce And Trade	
Virginia Economic Development Partnership	Language

Language:

Page 91, line 1, after "N.", insert "1."
Page 91, after line 9, insert:
"2. Out of the amounts for Economic Development Services shall be provided $300,000 the second year from the general fund to finance the workforce needs identified as a result of the working group review conducted pursuant to paragraph N.1. of this item. Of these amounts, $150,000 the second year from the general fund shall be provided to the Shenandoah Valley Partnership and Workforce Investment Board used to plan, coordinate and conduct a regional study, to contract experts for data collection and analysis, for regional outreach and communication and to print and disseminate the study results. The remaining $150,000 the second year from the

general fund shall be used to coordinate industry-specific training at Blue Ridge Community College and provide seed money to existing regional education and training providers so that previously identified working training needs of manufacturers in the Shenandoah Valley region can be immediately addressed."

Explanation:

(This amendment provides $300,000 in the second year from the general fund to implement the findings of a workgroup headed by the Virginia Economic Development Partnership on how best to leverage the expertise of the existing Commonwealth Center for Advanced Manufacturing and develop a satellite site in the Shenandoah Valley.)

Commerce - Economic Development Subcommittee — Item 114 #4h

Commerce And Trade	**FY 10-11**	**FY 11-12**	
Virginia Economic Development Partnership	($1,500,000)	($900,000)	GF

Language:

Page 89, line 30, strike "$19,944,647" and insert "$18,444,647".
Page 89, line 31, strike "$20,178,808" and insert "$19,278,808".
Page 91, strike lines 10 through 47.
Page 91, line 48, strike "P" and insert "O".
Page 91, line 52, strike "Q" and insert "P".
Page 91, line 2, strike "R" and insert "Q".

Explanation:

(This amendment removes the funding provided for the establishment of a Virginia Biotechnology Wet-Laboratory Program in Chapter 874. House Bill 1500 as introduced proposes to reduce the amounts provided in the second year by $600,000 and the project for which the first year amount was dedicated has not proceeded.)

Commerce - Economic Development Subcommittee — Item 114 #5h

Commerce And Trade	**FY 10-11**	**FY 11-12**	
Virginia Economic Development Partnership	$0	($200,000)	GF

Language:

Page 89, line 31, strike "$20,178,808" and insert "$19,978,808".
Page 92, line 2, strike "$400,000" and insert "$200,000".

Explanation:

(This amendment reduces from $400,000 to $200,000 a new proposal to improve regional economic development efforts. The remaining funds will be sufficient to initiate one pilot project and provide time to determine the effectiveness of the program.)

Commerce - Economic Development Subcommittee Item 114 #6h

Commerce And Trade

Virginia Economic Development Partnership — Language

Language:

Page 92, line 1, after "Partnership." insert:
"Out of the amounts provided in this paragraph, $43,279 from the general fund in the second year shall be provided to the Virginia-Israeli Advisory Board which, in conjunction with the governor's trade mission to Israel, will be used to attract additional Israeli businesses to the Commonwealth."

Explanation:

(This amendment provides $43,279 from the general fund in fiscal year 2012 to fund the Governor's proposed economic development trip to Israel this fall. The trip is intended to increase the capacity of the executive director to bring Israeli businesses to Virginia.)

Commerce - Economic Development Subcommittee Item 114 #7h

Commerce And Trade	**FY 10-11**	**FY 11-12**	
Virginia Economic Development Partnership	$0	($1,379,095)	GF

Language:

Page 89, line 31, strike "$20,178,808" and insert "$18,799,713".
Page 90, strike lines 40 through 42.
Page 90, line 43, strike "L" and insert "K".

Page 90, line 46, strike "M" and insert "L".
Page 91, line 1, strike "N" and insert "M".
Page 91, line 10, strike "O" and insert "N".
Page 91, line 48, strike "P" and insert "O".
Page 91, line 52, strike "Q" and insert "P".

Explanation:

(This amendment strikes the appropriation for the Virginia Commercial Space Flight Authority within the Virginia Economic Development Partnership. A companion amendment to the Virginia Department of Aviation includes an appropriation in the same amount. Shifting the VCSFA into the Department of Aviation recognizes space-flight's growing role in the aviation world and properly places it in the transportation sector.)

Commerce - Economic Development Subcommittee Item 120 #1h

Commerce And Trade	**FY 10-11**	**FY 11-12**	
Virginia Tourism Authority	$0	$70,965	GF

Language:

Page 94, line 16, strike "$19,808,135" and insert "$19,879,100".
Page 96, after line 17, insert:
"P. Out of the amounts provided for Tourist Promotion, $85,500 the first year and $70,965 the second year from the general fund shall be provided to the cooperative advertising program operated by the Outdoor Advertising Association of Virginia. The Outdoor Advertising Association of Virginia shall provide a total of at least $256,500 in advertising value the first year and $212,895 the second year to promote tourism in Virginia."

Explanation:

(This amendment restores funding for advertising through the Outdoor Advertising Association in fiscal year 2012 and restores language inadvertently stricken providing funding for the association in fiscal year 2011.)

Commerce - Economic Development Subcommittee Item 120 #3h

Commerce And Trade	**FY 10-11**	**FY 11-12**	
Virginia Tourism Authority	$0	($150,000)	GF

Amendments to House Bill 1500, as Introduced

Language:

Page 94, line 16, strike "$19,808,135" and insert "$19,658,135".
Page 95, line 33, strike "and".
Page 95, line 34, strike "$150,000 the second year".

Explanation:

(This amendment eliminates all funding provided in the second year for payment to public television and radio stations for the advertisement of Virginia tourism and reduces those amounts by $50,000 in the first year. House Bill 1500 as introduced reduced the appropriation by 25 percent.)

Commerce - Economic Development Subcommittee Item 120 #5h

Commerce And Trade
Virginia Tourism Authority Language

Language:

Page 95, line 3, after "efforts.", insert:
"Of the amounts included in this paragraph, up to $1.0 million in the second year from the general fund may be used to attract and promote an international tourism event to be held in the Commonwealth."

Explanation:

(This amendment directs the use of the additional funds proposed for the existing Regional Tourism Grant Program at the Virginia Tourism Corporation.)

Commerce - Economic Development Subcommittee Item 120 #6h

Commerce And Trade	**FY 10-11**	**FY 11-12**	
Virginia Tourism Authority	$0	($1,000,000)	GF

Language:

Page 94, line 16, strike "$19,808,135" and insert "$18,808,135".
Page 96, strike lines 15 through 17.

Explanation:

(This amendment removes $1.0 million included in House Bill 1500 as introduced that would have been directed to OpSail 2012.)

Amendments to House Bill 1500, as Introduced

Commerce - Economic Development Subcommittee Item 468 #1h

Central Appropriations
Central Appropriations Language

Language:
Page 401, line 30, after "Code of Virginia.", insert:
"From the amounts provided in this paragraph, such funds as shall be necessary shall be provided for the costs of the salaries, expenses and operation of the Inspector General's Office that relate to review of the Tobacco Indemnification and Community Revitalization Commission pursuant to the provisions of House Bill 2076, 2011 General Assembly."

Explanation:
(This amendment provides that the Tobacco Indemnification and Community Revitalization Commission shall pay the costs of the Inspector General's Office created pursuant to House Bill 2076, 2011 General Assembly, that relate to review of the TICRC's operations from the existing revenues available to the Commission.)

Commerce - Economic Development Subcommittee Item 3-1.01 #4h

Transfers
Interfund Transfers Language

Language:
Page 460, after line 42, insert:
"YY. On or before June 30, 2012, the State Comptroller shall transfer to the general fund an amount estimated at $250,000 from the amounts provided in Item 84, paragraph D., of this act to reimburse the costs resulting from credits claimed pursuant to House Bill 1837, 2011 Session of the General Assembly."

Explanation:
(This amendment implements the provisions of the vineyards and wineries tax credits from the increased revenues provided to the Virginia Wine Board.)

Commerce - Economic Development Subcommittee Item 3-5.08 #1h

Adjustments and Modifications to Tax Collections

Amendments to House Bill 1500, as Introduced

Accelerated Sales Tax — Language

Language:

Page 469, line 25, after "G.", insert:

"Beginning with the tax payment that would be remitted on or before June 25, 2011, if the payment is made by other than electronic transfer, and by June 30, 2011, if payments are made by electronic fund transfer, the provisions of § 3-5.08 of Chapter 874, 2010 Acts of Assembly, shall apply only to those dealers or permit holders with taxable sales and purchases of $50,000,000 or greater for the 12-month period beginning July 1 and ending June 30 of the immediately preceding calendar year."

Explanation:

(This amendment raises the threshold for vendors subject to accelerated tax payments from $1,000,000 to $50,000,000. This results in an estimated one-time revenue loss estimated at $111,600,000.)

Natural Resources Subcommittee Item 349 #2h

Natural Resources
Secretary Of Natural Resources Language

Language:
Page 303, after line 29, insert:
"C. The Secretary of Natural Resources shall evaluate the expiration of leases for office space assigned to state agencies under his purview to determine the possibility of relocating any of the offices or staff within a renovated facility developed as to served as a Center for Coldwaters Restoration facility along the South River in downtown Waynesboro.
2. The Secretary may approach public colleges and universities about the possibility of locating any of those institutions' freshwater species, habitat, or pollution research activities to the renovated facility."

Explanation:
(This amendment directs the Secretary of Natural Resources to evaluate any leases that may be expiring to determine if those agencies or staff under his purview could be relocated in a facility renovated to serve as a Coldwaters Restoration facility. The Secretary may also approach public colleges and universities to determine if they would be amenable to locating their freshwater species, habitat, or pollution research programs to this facility.)

Natural Resources Subcommittee Item 351 #2h

Natural Resources	**FY 10-11**	**FY 11-12**	
Department Of Conservation And Recreation	$0	$311,777	NGF

Language:
Page 304, line 3, strike "$62,595,053" and insert "$62,906,830".
Page 305, line 27, after "year", insert "and $311,777 the second year".

Explanation:
(This amendment provides special funds in the second year from the sale of "Friend of the Chesapeake" license plates for the provision of grants to local elementary, middle, and high schools, soil and water conservation districts, localities, colleges, and non-profit environmental organizations. In total, the

Chesapeake Bay Restoration Fund Advisory Committee has recommended the provision of 58 grants for these various organizations, ranging in value from $1,651 to $14,000.)

Natural Resources Subcommittee — Item 351 #5h

Natural Resources	**FY 10-11**	**FY 11-12**	
Department Of Conservation And Recreation	$0	$1,000,000	GF

Language:

Page 304, line 3, strike "$62,595,053" and insert "$63,595,053".

Page 304, line 12, strike the second "$3,487,091" and insert "$4,487,091".

Explanation:

(This amendment provides additional general fund support for Virginia's 47 soil and water conservation districts to support staffing and office expenses. Office expenses include rent, computer services, communications, and other office support. Soil and water conservation districts perform an important role in the implementation of agricultural best management practices.)

Natural Resources Subcommittee — Item 351 #9h

Natural Resources

Department Of Conservation And Recreation — Language

Language:

Page 305, line 37, after "1997.", strike the remainder of line.

Page 305, strike lines 38 through 40, and insert:

"Of the total amount deposited, $4,919,805 shall be deposited to the Virginia Water Quality Improvement Fund Reserve pursuant to paragraph B. of Item 349 of this act."

Page 305, line 42, strike "$14,000,000" and insert "$22,878,895".

Explanation:

(This amendment serves two purposes. First, the amendment eliminates language that prohibited any portion of the year-end general fund surplus deposited into the

Water Quality Improvement Fund from being transferred to the Water Quality Improvement Fund Reserve Fund. This reserve fund was established as a means to continue improving Virginia's water quality when either year-end general fund surpluses or other appropriations were unavailable. The amount to be transferred to the WQIF Reserve Fund from year-end general fund surpluses is 15 percent, which totals $4.9 million. It should be noted that this WQIF Reserve Fund has been a primary source of funding for implementation of agricultural best management practices in recent years. Second, the amendment increases the amount of the year-end general fund surplus transferred to the Virginia Natural Resources Commitment Fund. This Natural Resources Commitment Fund is dedicated to the implementation of agricultural best management practices. Dedicating more of the year-end general fund surplus deposited into the WQIF to the Natural Resources Commitment Fund is in keeping with the Secretary of Natural Resources description of how the WQIF deposit would be actually spent.)

Natural Resources Subcommittee — Item 351 #10h

Natural Resources

Department Of Conservation And Recreation — Language

Language:

Page 305, after line 48, insert:

"M. The Department of Conservation and Recreation shall report on the number of farmers active in Virginia by region and type of farming operation, the number of acres farmed by region and type of farming operation, how many of those acres are using one of the five priority agricultural best management practices by type of farming operation, the total percentage of agricultural best management practices in use on the number of acres by type of farm operation, and the increased need and type of agricultural best management practices that would be required to be implemented on the number and type of acres farmed to achieve the nutrient and sediment reductions required by the Watershed Implementation Plan. This report shall be provided to the Chairmen of the House Appropriations and Senate Finance Committees by November 15, 2011."

Explanation:

(This amendment requires the Department of Conservation and Recreation to report on the number of farms in Virginia, the number of acres farmed, and the use of agricultural best management on those acres farmed by the type of farming operation

and by region and the types of additional best management practices that would be required to achieve the nutrient and sediment reductions proposed in the Watershed Implementation Plan.)

Natural Resources Subcommittee — Item 352 #3h

Natural Resources	**FY 10-11**	**FY 11-12**	
Department Of Conservation And Recreation	$0	($1,000,000)	GF

Language:

Page 305, line 50, strike "$54,942,744" and insert "$53,942,744".
Page 305, line 52, strike "$14,521,573" and insert "$13,521,573".
Page 306, line 41, unstrike "$500,000" and strike "$1,500,000".

Explanation:

(This amendment eliminates the proposed addition of $1.0 million for the Virginia Land Conservation Fund. The Commonwealth has met its land preservation goals under the Chesapeake Bay Agreement as well as overall commitment to 15 percent of Virginia's land area.)

Natural Resources Subcommittee — Item 353 #1h

Natural Resources	**FY 10-11**	**FY 11-12**	
Department Of Conservation And Recreation	$0	($142,536)	GF

Language:

Page 307, line 16, strike "$7,717,904" and insert "$7,575,368".
Page 307, line 18, strike "$7,717,904" and insert "$7,575,368".
Page 307, after 18, insert:
"The department shall reduce its general fund budget by $142,536 by shifting previously general fund supported costs and expenditures to nongeneral fund sources. In doing so, the department shall not use fee increases to achieve these savings."

Explanation:

(This amendment directs the Department of Conservation to reduce its general fund expenditures by about $143,000. To achieve these savings the department may

move the costs of personnel and other expenditures to the agency's nongeneral fund sources, but cannot use fee increases to offset these general fund reductions. This strategy was a component of the department's strategies to achieve the Governor's 2-4-6% reductions. The amount specifically omits the use of fees to offset general fund expenses.)

Natural Resources Subcommittee — Item 355 #3h

Natural Resources	**FY 10-11**	**FY 11-12**	
Department Of Environmental Quality	$0	$80,000	GF

Language:

Page 308, line 24, strike "$44,464,690" and insert "$44,544,690".

Explanation:

(This amendment moves a reduction in funding for local water quality supply planning grants to the correct program. This adjustment, and the companion amendment in Item 357, net to zero.)

Natural Resources Subcommittee — Item 355 #4h

Natural Resources	**FY 10-11**	**FY 11-12**	
Department Of Environmental Quality	($3,644,300)	$0	GF

Language:

Page 308, line 24, strike "$48,383,207" and insert "$44,738,907".

Explanation:

(This amendment moves the Water Quality Improvement Fund deposit provided in the Introduced Budget Bill to the correct program. This amendment, and a companion amendment in Item 357, net to zero.)

Natural Resources Subcommittee — Item 355 #5h

Natural Resources

Department Of Environmental Quality — Language

Language:

Page 308, line 26, strike "$8,245,075" and insert "$8,439,292".

Page 308, line 31, strike "$7,542,445" and insert "$7,348,228".

Explanation:

(This amendment moves a reduction for water quality monitoring contained in the introduced budget bill to the correct service area. This adjustment nets to zero.)

Natural Resources Subcommittee — Item 356 #1h

Natural Resources	**FY 10-11**	**FY 11-12**	
Department Of Environmental Quality	$0	$827,815	NGF

Language:

Page 309, line 14, strike "$16,075,806" and insert "$16,903,621".

Page 309, line 15, strike "$4,672,868" and insert "$5,500,683".

Page 309, line 25, strike the second "$3,274,614" and insert "4,102,429".

Page 309, line 29, before "The", insert "A."

Page 309, after line 33, insert:

"B. Notwithstanding any other provision of law, the Department of Environmental Quality is hereby authorized to use up to $1,828,000 the second year from the Vehicle Emissions Inspection Program Fund to support this program. Of this amount, up to $1,000,000 of cash balances from the Vehicle Emissions Inspection Program Fund may be transferred to the Operating Permits Program Fund the second year. The agency is hereby provided nongeneral fund appropriation in the amount of $827,815 the second year for the Air Protection Permitting service area."

Explanation:

(This amendment provides authority for the use of nongeneral fund balances in the Vehicle Emissions Inspection Program Fund (fund 0919) to support the Air Protection program. Specific uses include: (i) a nongeneral fund appropriation in the amount of $827,815 for Vehicle Emissions Inspection Program Fund to support a savings strategy in which the agency utilizes fund balances to support program costs; and (ii) a cash transfer from the Vehicle Emissions Inspection Program Fund to the Operating Permits Program Fund (fund 0510) in the amount of $1,000,000 to support the agency's air emissions program. A proposed permit fee increase for the air

emissions program will not go into effect as planned, so this nongeneral fund appropriation and language authorizing a cash transfer from the Vehicle Emissions Inspection Program Fund would maintain the emissions program at current levels and help the state maintain enforcement of the Title V Clean Air Act permit program.)

Natural Resources Subcommittee — Item 357 #4h

Natural Resources	**FY 10-11**	**FY 11-12**	
Department Of Environmental Quality	$0	($80,000)	GF

Language:

Page 309, line 34, strike "$57,373,759" and insert "$57,293,759".

Explanation:

(This amendment moves a reduction in funding for local water quality supply planning grants to the correct program. This adjustment, and the companion amendment in Item 355, net to zero.)

Natural Resources Subcommittee — Item 357 #5h

Natural Resources	**FY 10-11**	**FY 11-12**	
Department Of Environmental Quality	$3,644,300	$0	GF

Language:

Page 309, line 34, strike "$57,373,759" and insert "$61,018,059".

Explanation:

(This amendment moves the Water Quality Improvement Fund deposit provided in the introduced budget bill to the correct program. This amendment, and a companion amendment in Item 355, net to zero.)

Natural Resources Subcommittee — Item 357 #6h

Natural Resources

Department Of Environmental Quality — Language

Language:

Page 310, line 9, after "1997.", strike remainder of line.

Page 310, strike lines 10 through 12, and insert:

"Of this amount, $546,645 shall be deposited to the Virginia Water Quality Improvement Fund Reserve pursuant to paragraph B. of Item 349 of this act."

Explanation:

(This amendment eliminates language that prohibited any portion of the year-end general fund surplus deposited into the Water Quality Improvement Fund from being transferred to the Water Quality Improvement Fund Reserve Fund. This reserve fund was established as a means to continue improving Virginia's water quality when either year-end general fund surpluses or other appropriations were unavailable. The amount to be transferred to the WQIF Reserve Fund from year-end general fund surpluses is 15 percent, which totals $546,645.)

Natural Resources Subcommittee — Item 358 #1h

Natural Resources	**FY 10-11**	**FY 11-12**	
Department Of Environmental Quality	0.00	-6.00	FTE

Language:

Page 310, line 40, strike "396.50" and insert "390.50".

Page 310, line 43, strike "900.00" and insert "894.00".

Explanation:

(This amendment adjusts the agency's position level to correctly reflect a budget reduction strategy contained in the introduced budget bill. In the introduced budget bill positions were increased by three, but should have been reduced by three.)