

## **REPORT OF THE SUBCOMMITTEE ON ECONOMIC DEVELOPMENT AND NATURAL RESOURCES**

Mr. Chairmen and Members of the Committee:

I am pleased to report the recommendations of the Economic Development and Natural Resources Subcommittee. The subcommittee's objective was to concentrate limited resources on those activities that promise the greatest return on investment as measured by more employment, greater economic prosperity, improved service delivery, and a cleaner natural environment. It was no small order reconciling almost \$201 million of needs to the budget resources available.

### **ECONOMIC DEVELOPMENT**

The subcommittee brings before you today a spending plan to strengthen Virginia's economy, through small business development, regional and local economic development projects, and high-technology innovation centers.

The subcommittee endorses the Governor's amendments to support full funding for the Regional Competitiveness Act, encourage Virginia entrepreneurs through the Virginia Enterprise Initiative, and expand the Shell Building Program. The subcommittee also honored the state's commitment to Virginia businesses through the Governor's workforce training amendment.

However, the most important issue addressed by the subcommittee this year concerns an initiative to spur economic development in rural Virginia. To that end, the subcommittee recommends additional funding for the industrial site development fund. This fund assists localities to develop marketable industrial sites and encourages the development of regional cooperation and marketing. In addition to financial assistance, the subcommittee also recommends language amendments that will help direct spending in other economic development programs, such as the Shell Building Program and industrial road and rail access programs, to economically stressed areas.

In housing, the subcommittee recommends a modest amount for the state's homeless shelter programs.

The subcommittee realizes that the state's budget must reflect priorities beyond the missions of the agencies in economic development and natural resources. To that end, the spending plan recommended by the subcommittee is tempered by other Committee priorities, including funding for mental health and public education.

The subcommittee's actions to reduce a portion of the proposed spending in SB 800 are targeted. The subcommittee's reductions reflect a general policy of phasing in new projects and redirecting spending from items that would be more appropriately addressed in an even-year Session.

## NATURAL RESOURCES

For natural resources, the major issues facing the subcommittee are improving water quality and protecting the state's open spaces.

Concerning the Governor's proposal for cleaning state waters, the subcommittee elected to support the initiative with some modification.

The subcommittee recommends over \$24.0 million for the cooperative point source pollution program, \$10.0 million for the cooperative nonpoint source program, and \$11.3 million for the Richmond and Lynchburg combined sewer overflow projects.

In other matters related to improving the quality of the environment, the subcommittee recommends these actions:

- Land Conservation Fund. Article XI of the Virginia Constitution states that "it shall be the policy of the Commonwealth to conserve, develop, and utilize its natural resources, its public lands, and its historical sites and buildings." The subcommittee recognizes the importance of conservation, and recommends \$2.0 million for a Land Conservation Fund to promote the protection of farmland, open space, natural areas, and historic resources.
- Soil and Water Conservation Districts. The districts serve as the state's partner to improve water quality and to conserve land resources. The subcommittee recommends several amendments totaling \$600,000 to address the operating and capital needs of the districts. An additional \$410,460 is recommended for the Department of Conservation and Recreation for six nutrient management specialists to work closely with the districts and farmers on matters related to

poultry waste management in the Chesapeake Bay Watershed (Chapter 1 of the 1999 Session).

- Virginia's Natural Areas. The state's Natural Area Preserve System has grown since 1989 to include 25 sites covering 13,600 acres. The System is expected to reach 25,000 acres by the close of 1999. The subcommittee recommends \$400,000 and four positions. The funds will allow for active management of these unique habitats -- planning, monitoring, research, and restoration projects.

The subcommittee is pleased with the amendments we offer here today, and we are confident that the work of protecting our environment and of promoting economic opportunity and development will remain important goals in Virginia. We believe that our budget recommendations will help meet those objectives.

Respectfully submitted,

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Walter A. Stosch, Chairman

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Joseph V. Gartlan, Jr.

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**Commerce and Trade  
Amendments to SB 800**

AGENCIES	General Fund Recommendations			NGF	Positions
	FY 1999	FY 2000	Biennium	Biennium	FY 2000
<b>Secretary of Commerce &amp; Trade</b>					
SB 800, as introduced	555,811	559,425	1,115,236	0	7.00
Language Amendment	0	0	0		
<i>Total</i>	555,811	559,425	1,115,236	0	7.00
<b>Housing &amp; Community Dev.</b>					
SB 800, as introduced	46,853,578	36,547,132	83,400,710	143,296,371	124.00
Virginia Water Project	0	300,000	300,000		
Homeless Programs	0	885,000	885,000		
Regional Competitiveness Language	0	0	0		
VHPF Language Amendment	0	0	0		
VA Coalfields Regional Water Study	0	500,000	500,000		
Industrial Site Development Fund	0	2,500,000	2,500,000		
Industrial Site Language	0	0	0		
Planning District Commissions	0	210,000	210,000		
<i>Total</i>	46,853,578	40,942,132	87,795,710	143,296,371	124.00
<b>VA Economic Dev. Partnership</b>					
SB 800, as introduced	36,694,583	19,862,235	56,556,818	0	0.00
VA Biotechnology Research Park	0	1,000,000	1,000,000		
Southside VA Business Commission	0	200,000	200,000		
Shell Building Language	0	0	0		
<i>Total</i>	36,694,583	21,062,235	57,756,818	0	0.00
<b>VA Tourism Authority</b>					
SB 800, as introduced	0	19,743,429	19,743,429	0	0.00
Regional Welcome Centers	0	(1,000,000)	(1,000,000)		
Cooperative Travel Advertising	0	(750,000)	(750,000)		
Daniel Boone Tri-State Center	0	60,000	60,000		
Southside Visitors Center	0	300,000	300,000		
Arlington Convention Center	0	37,500	37,500		
<i>Total</i>	0	18,390,929	18,390,929	0	0.00
<b>Business Assistance</b>					
SB 800, as introduced	20,502,009	19,462,629	39,964,638	4,253,642	51.00
Small Business Incubator Program	0	750,000	750,000		
VA Capital Access Program	0	500,000	500,000		
Business Information Center	0	(500,000)	(500,000)		(7.00)

**Commerce and Trade  
Amendments to SB 800**

AGENCIES	General Fund Recommendations			NGF	Positions
	FY 1999	FY 2000	Biennium	Biennium	FY 2000
<i>Total</i>	20,502,009	20,212,629	40,714,638	4,253,642	44.00
<b>Minority Business Enterprise</b>					
SB 800, as introduced	250,865	1,369,070	1,619,935	1,931,279	21.00
Disadvantaged Businesses	0	(1,000,000)	(1,000,000)		
<i>Total</i>	250,865	369,070	619,935	1,931,279	21.00
<b>Labor and Industry</b>					
SB 800, as introduced	6,766,460	6,972,285	13,738,745	9,405,370	193.00
No Amendments	0	0	0	0	
<i>Total</i>	6,766,460	6,972,285	13,738,745	9,405,370	193.00
<b>Professional &amp; Occupational Reg.</b>					
SB 800, as introduced	0	0	0	18,694,216	130.00
No amendments	0	0	0	0	
<i>Total</i>	0	0	0	18,694,216	130.00
<b>Agriculture &amp; Consumer Services</b>					
SB 800, as introduced	24,066,831	24,317,511	48,384,342	36,293,135	533.00
Apple Juice Concentrate Law Suit	20,000	0	20,000		
Coyote Control	0	35,000	35,000		
Food Inspector Regrade	0	(160,589)	(160,589)	(40,186)	
Hydrilla Control and Removal	0	50,000	50,000		
<i>Total</i>	24,086,831	24,241,922	48,328,753	36,252,949	533.00
<b>VA Agricultural Council</b>					
SB 800, as introduced	0	0	0	680,668	0.00
No amendments	0	0	0	0	
<i>Total</i>	0	0	0	680,668	0.00
<b>Milk Commission</b>					
SB 800, as introduced	0	0	0	1,358,977	10.00
No amendments	0	0	0	0	
<i>Total</i>	0	0	0	1,358,977	10.00
<b>Mines, Minerals &amp; Energy</b>					
SB 800, as introduced	10,411,468	10,485,639	20,897,107	30,656,657	250.00
Water Quality in Piedmont	0	25,000	25,000	0	
<i>Total</i>	10,411,468	10,510,639	20,922,107	30,656,657	250.00

**Commerce and Trade  
Amendments to SB 800**

AGENCIES	General Fund Recommendations			NGF	Positions
	FY 1999	FY 2000	Biennium	Biennium	FY 2000
<b>VA Employment Commission</b>					
SB 800, as introduced	215,000	100,000	315,000	747,741,325	950.00
VA Economic Bridge	0	100,000	100,000	0	
<i>Total</i>	215,000	200,000	415,000	747,741,325	950.00
<b>Forestry</b>					
SB 800, as introduced	13,494,037	13,435,996	26,930,033	17,282,021	320.00
No amendments	0	0	0	0	
<i>Total</i>	13,494,037	13,435,996	26,930,033	17,282,021	320.00
<b>VA Racing Commission</b>					
SB 800, as introduced	0	0	0	8,292,753	10.00
No amendments	0	0	0	0	
<i>Total</i>	0	0	0	8,292,753	10.00
<b>Innovative Technology Authority</b>					
SB 800, as introduced	11,327,237	11,900,662	23,227,899	0	0.00
Technology Innovation Centers	250,000	750,000	1,000,000	0	
<i>Total</i>	11,577,237	12,650,662	24,227,899	0	0.00
<b>Central Appropriations</b>					
DHCD - Reversion	(83,708)	0	(83,708)	0	
Workforce Development Study	(150,000)	0	(150,000)	0	
Workforce Training Loan Fund	0	(500,000)	(500,000)	0	
Governor's Motion Picture Fund	0	(500,000)	(500,000)	0	
City of Norfolk Economic Project	0	(3,000,000)	(3,000,000)	0	
Norfolk Language Amendment	0	0	0	0	
Danville Language Amendment	0	0	0	0	
Food Inspector Regrade	0	160,859	160,859	0	
Richmond Riverfront Development	0	1,000,000	1,000,000	0	
Suffolk Wharf Development	0	1,113,000	1,113,000	0	
New River Airport Customs Office	0	100,000	100,000	0	
Solar Photovoltaic Grant Fund	0	(281,250)	(281,250)	0	
<i>Total</i>	(233,708)	(1,907,391)	(2,141,099)	0	
<b>Capital Projects</b>					
DACS - Northern Neck Market	0	175,000	175,000	0	
<b>Part 3 Transfers</b>					
Business Modernization Loans Tran.				561,856	
VEC Special Funds				50,000	

**Commerce and Trade  
Amendments to SB 800**

AGENCIES	General Fund Recommendations			NGF	Positions
	FY 1999	FY 2000	Biennium	Biennium	FY 2000
ED&NR - Operating Amends	36,292	2,884,520	2,920,812	(40,186)	(7.00)
ED&NR - Capital Amendments	0	175,000	175,000	0	

<b>Natural Resources Amendments to SB 800</b>					
<b>AGENCIES</b>	<b>General Fund Recommendations</b>			<b>NGF</b>	<b>Positions</b>
	<b>FY 1999</b>	<b>FY 2000</b>	<b>Biennium</b>	<b>Biennium</b>	<b>FY 2000</b>
<b>Secretary of Natural Resources</b>					
SB 800, as introduced	448,820	452,004	900,824	0	5.00
No amendments	0	0	0	0	
<i>Total</i>	448,820	452,004	900,824	0	5.00
<b>Environmental Quality</b>					
SB 800, as introduced	78,455,179	87,281,305	165,736,484	149,192,332	805.00
WQIF FY 1998 Interest	0	(629,027)	(629,027)	629,027	
WQIF FY 1999 Interest	0	0	0	762,812	
CASRM Study on TBT Treatment	0	(500,000)	(500,000)		
Water Quality in Piedmont Study	0	25,000	25,000		
Volunteer Monitoring	0	20,000	20,000		
N. Fork Shenandoah River MIV	0	125,000	125,000		
Floyd County Tire Program	0	0	0	15,000	
Sediment Remediation	0	172,000	172,000		
Poultry Litter Management	0	67,000	67,000		1.00
Shad Replenishment Project	0	20,000	20,000		
Wetlands Mitigation Banks	0	200,000	200,000		
<i>Total</i>	78,455,179	86,781,278	165,236,457	150,599,171	806.00
<b>Chippokes Plantation</b>					
SB 800, as introduced	0	0	0	158,000	0.00
No amendments					
<i>Total</i>	0	0	0	158,000	0.00
<b>Historic Resources</b>					
SB 800, as introduced	2,460,716	2,947,878	5,408,594	1,700,380	43.00
Matching Requirement Language	0	0	0	0	0.00
<i>Total</i>	2,460,716	2,947,878	5,408,594	1,700,380	43.00
<b>Conservation and Recreation</b>					
SB 800, as introduced	43,855,485	37,279,307	81,134,792	25,721,310	402.00
Chesapeake Bay Education Center	0	50,000	50,000		
VA Land Conservation Fund	0	2,000,000	2,000,000		
Chesapeake Bay License Tags	0	0	0	379,796	
Roanoke Valley Greenway	0	50,000	50,000		
Breaks Interstate Park - Capital	0	350,000	350,000		
SWCD Support	0	350,000	350,000		
SWCD-owned Dams	0	100,000	100,000		
Norfolk Breakwaters	0	175,000	175,000		
Public Beach Replenishment	0	325,000	325,000		
Natural Heritage Program	0	400,000	400,000		4.00
Newport News Flood Reduction	0	100,000	100,000		
SWCD Coordinators	0	100,000	100,000		2.00
Nutrient Management Specialists	0	410,464	410,464		6.00

<b>Natural Resources Amendments to SB 800</b>					
<b>AGENCIES</b>	<b>General Fund Recommendations</b>			<b>NGF</b>	<b>Positions</b>
	<b>FY 1999</b>	<b>FY 2000</b>	<b>Biennium</b>	<b>Biennium</b>	<b>FY 2000</b>
Agricultural Engineering Services	0	0	0	200,000	
Grand Cavern Regional Park	0	(40,000)	(40,000)		
State Parks	0	300,000	300,000		
VA Outdoors Foundation	0	180,000	180,000		
<i>Total</i>	43,855,485	42,129,771	85,985,256	26,301,106	414.00
<b>Game and Inland Fisheries</b>					
SB 800, as introduced	0	20,000	20,000	68,495,920	433.00
Shad Replenishment Project	0	(20,000)	(20,000)		
Game Warden Regrade	0	0	0	(432,827)	
Embrey Dam	65,500	112,563	178,063		
<i>Total</i>	65,500	112,563	178,063	68,063,093	433.00
<b>Marine Resources Commission</b>					
SB 800, as introduced	7,822,940	8,498,430	16,321,370	8,866,040	152.00
Marine Patrol Officer Regrade	0	(129,580)	(129,580)		
Blue Crab Stock Assessment	150,000	0	150,000		
Matching Fund for Oyster Beds	0	50,000	50,000		
Chesapeake Bay Foundation	0	128,000	128,000		
<i>Total</i>	7,972,940	8,546,850	16,519,790	8,866,040	152.00
<b>CBLAD</b>					
SB 800, as introduced	2,282,379	2,580,055	4,862,434	0	21.00
Expanding Preservation Act	0	(47,092)	(47,092)		
<i>Total</i>	2,282,379	2,532,963	4,815,342	0	21.00
<b>Natural History Museum</b>					
SB 800, as introduced	2,101,231	2,138,046	4,239,277	732,106	38.00
Curatorial Services	0	20,000	20,000	0	
<i>Total</i>	2,101,231	2,158,046	4,259,277	732,106	38.00
<b>Part 3 Transfers</b>					
Title V Permit Fees				300,000	
<b>Central Appropriations</b>					
CBLAD - Reversions	(57,908)	0	(57,908)		
Marine Patrol Officer Regrade	0	129,580	129,580		
Game Warden Regrade	0	0	0	432,827	
<b>ED &amp; NR - Operating Amends</b>	157,592	4,593,908	4,751,500	1,986,635	13.00