

REPORT OF THE SUBCOMMITTEE
on
ECONOMIC DEVELOPMENT, AGRICULTURE AND
NATURAL RESOURCES

R. STEVEN LANDES, CHAIRMAN

Mr. Chairman and Members of the Committee:

Over the past two years we have worked hard to reinvest in Virginia's economic development infrastructure and make job creation the top priority of state government. In each of the past two budgets, we have increased funding for these activities by more than \$50.0 million. The budget before you today reflects a general fund increase of almost 25% for our commerce and trade agencies when compared to the 2009-2010 biennium.

The results have been impressive, but this is no time to rest on our past accomplishments. Building on the great strides we have made over the last two years to reinvigorate our economic development efforts, we now focus on making smaller, targeted additions to our job creation toolkit to make sure Virginia remains the best place to grow and start a business.

To support the continued attraction of business expansion across all regions of the Commonwealth, the Subcommittee recommends fully funding all outstanding incentive commitments, continuing funding for the Governor's Opportunity Fund at \$11.8 million each year, providing an additional \$500,000 for international marketing at the Virginia Economic Development Partnership, and implementing a new manufacturing-focused initiative totaling \$4.0 million over the biennium.

Again this year we continue to support Virginia's research and technology sectors by providing an additional \$15.0 million over the biennium for the Commonwealth Research and Commercialization Fund capitalized last year with the "road map" legislation approved by this Committee. 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.

I also am very pleased to report that this year we have been able to place some additional focus on agriculture, Virginia's largest industry. We have adopted legislation creating a new Agriculture and Forestries Development Fund, and the budget before you will provide \$1.0 million each year for it in the next biennium. Recognizing the increased importance of the export market for Virginia's agriculture products, we also are increasing our investments in international marketing at the Department of Agriculture and Consumer Services and providing funding for research into specialty crops.

The subcommittee also recommends providing an additional \$1.6 million to the Virginia Tourism Corporation for focused efforts to advertise Virginia's attractions in key markets and leverage private sector expenditures to market the many wonderful cultural, historical, and scenic sites across the Commonwealth. These funds will allow the VTC to advertise Virginia in some key out-of-state markets and target efforts on some of the growing segments of Virginia's tourism market, including history and wine-themed tours. This amount also includes funding to expand partnerships with our regional tourism entities to help localities market region-specific tourist attractions.

Finally, we realize that oftentimes the best thing government can do is simply stay out of the way. To that end, included are amendments removing the proposed fee increases for the Virginia Department of Agriculture and Consumer Service's food inspection and weights and measures programs. Also contained in the amendments is the elimination of a proposed per employee surcharge at the Virginia Employment Commission. As our employers begin to expand their workforce, now is not the time to increase unemployment insurance costs even further.

Over the past several years, we have worked to improve Virginia's water quality through the use of general fund appropriations, year-end general fund surpluses, and funding associated with the Water Quality Improvement Fund Reserve this Committee created during the 2004 Session. These initiatives have produced the largest investments ever recorded in Virginia's natural resources – nearly \$570.8 million to upgrade sewage treatment plants, and \$155.8 million to implement agricultural best management practices. Continuing with those investments, the Subcommittee recommends nearly \$50.3 million more be distributed to further upgrade wastewater treatment plants, implement agricultural best management practices, and recapitalize the Water Quality Improvement Fund Reserve. However, Mr. Chairman, the Subcommittee recommends rejecting language permitting the Secretary of Natural Resources to determine how the legislative-created Water Quality Improvement Fund Reserve is used or permitting him to waive any transfer of Water Quality Improvement Fund balances to the Reserve as required by the Appropriation Act.

The Subcommittee is recommending that \$1.0 million each year be provided to soil and water conservation districts. This funding provides about \$21,000 in operating support for each of Virginia's 47 soil and water conservation districts, which are primarily responsible for the implementation of Virginia's agricultural best management practices. In addition, the Subcommittee recommends the elimination of proposed fee increases at Virginia's state parks. While Virginia state parks have amenities that routinely attract visitors from across the nation, Virginia currently has some of the highest fees when compared to neighboring states.

Additionally, the Subcommittee is recommending the restoration of the field studies supported by the Chesapeake Bay in the first year. And, while the Governor's restructuring of state government eliminated the Council of Indians, the Subcommittee is recommending that a portion of this funding, \$25,000 each year, be provided to Virginia's Indian Commemorative Commission to assist in the development of the planned monu-

ment on Capitol Square. The Subcommittee has also recommended providing funding to address two dam safety projects to ensure those dams meet Virginia's safety standards.

Mr. Chairman and fellow Committee members, I will ask staff to 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.