

Conference Committee Report
House Bill 1030, 2016 Appropriations Act
Selected Highlights for Agriculture and Natural and Economic Resources

The FY 2016-17 budgets for Agriculture and Natural and Economic Resources (ANER) agencies include net appropriations of \$536.3 million, which is \$70.4 million (15.1%) above the amount enacted in FY 2015-16.

The following selected ANER highlights may be found in **Section H** of the 2016 Conference Committee Report (page and item numbers noted); selected special provisions may be found in **Part XIII through XVI** of H.B. 1030 (section references are noted):

Department of Agriculture and Consumer Services

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- Provides \$3 million for a firefighting plane and heavy equipment for the NC Forest Service. **(Page H-4, Item #3)**
- Provides \$629,335 to support 9 positions and associated operating costs at DuPont State Recreational Forest. **(H-4, #4)**
- Provides \$500,000 nonrecurring for international marketing of North Carolina agricultural products. **(H-5, #6)**
- Provides \$1.1 million nonrecurring for the Tobacco Trust Fund. **(H-5, #8)**
- Provides \$1 million nonrecurring to the Agricultural Development and Farmland Preservation Trust Fund for military buffers. **(H-5, #9)**
- Provides \$500,000 for AgWRAP (Agricultural Water Resources Assistance Program). **(H-6, #13)**

Provisions from H.B. 1030

- Earmarks \$120,000 of the Tobacco Trust Fund appropriation to support select local Future Farmers of America programs. **(Sec. 13.3)**
- Establishes a new Healthy Food Small Retailer Program to reimburse small retailers for expenses associated with providing nutrient-dense food in food deserts. **(Sec. 13.4)**

Department of Environmental Quality

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- Provides an additional \$1 million nonrecurring for oyster sanctuaries; \$149,000 for 2 positions in the Division of Marine Fisheries to promote shellfish production and oyster shell recycling; and an additional \$300,000 nonrecurring for cultch planting. **(H-18, #27-29)**

- Restores \$2 million to the Division of Air Quality from Inspection and Maintenance fees following a Continuation Review as well as the \$7.3 million gas tax transfer from the Department of Revenue to administer the air quality program. **(H-20 & H-22)**
- Restores a \$15.4 million transfer of gas tax revenue to the Commercial Leaking Petroleum Underground Storage Tank Cleanup (LUST) Fund and increases this funding by \$800,000 following a Continuation Review. **(H-24)**

Provisions from H.B. 1030

- Eliminates the funding provided to the Mercury Pollution Prevention Account by redirecting the \$0.50 per vehicle title fee to the Highway Fund. The remaining cash balance in the account will be used to continue the Mercury Switch Removal program until June 30, 2017. **(Sec. 14.1)**
- Allows the Department of Environmental Quality (DEQ) to use up to \$500,000 from the Commercial LUST Fund for the cleanup of low-risk, leaking petroleum projects to reduce more rapidly the number of contaminated sites. **(Sec. 14.5)**
- Expands the allowable uses of the aquatic weed control funding from State lakes to all waters of the State and permits the use of the Historic Roanoke Island Fund to provide the match for the Shallow Draft Dredging Fund. **(Sec. 14.12)**
- Approves a new Comprehensive Nutrient Management Regulatory Framework as follows: **(Sec. 14.13)**
 - **Subsection (b)** of the provision repeals the funding requirement for the Jordan Lake demonstration project in S.L. 2015-241, Sec. 14.5, and directs the DEQ to terminate the contract. The provision also directs that unspent and unencumbered funds be returned to the Clean Water Management Trust Fund.
 - **Subsection (c)** provides \$500,000 annually until FY 2021-22 to the University of North Carolina at Chapel Hill (UNC-CH) to study and analyze nutrient management strategies for the State's impaired water bodies.
 - **Subsection (d)** directs the Environmental Management Commission (EMC) to use the UNC-CH study to review and revise the State's Nutrient Management strategies related to water quality in Falls and Jordan Lakes and to begin rules readoption no later than March 15, 2019.
 - **Subsection (e)** directs DEQ to study alternative technologies for in situ approaches to nutrient management in Falls and Jordan Lakes including algaecide and phosphorus locking technologies. \$1.3 million is provided in FY 2016-17 to implement a trial of these technologies.
 - **Subsection (f)** provides a hold harmless provision for cities and counties in the Jordan Lake watershed with respect to impervious surface added in those areas between July 26, 2013 (the effective date of the delay in the Jordan Lake

rules enacted in the 2013 Budget Bill) and December 31, 2020. Those surfaces will not be counted in the calculation of nutrient loading used to calculate the nutrient reduction targets for those counties and cities.

- **Subsection (g)** directs DEQ to study whether nutrient impact fees should be calculated and imposed on a sub-basin-specific basis in Falls and Jordan Lakes (currently, the Department sets fees for nitrogen and phosphorus for the Jordan Lake and Falls Lake watersheds as a whole, no matter where in those watersheds a project is located.) The Department is also directed to study and report regarding which watersheds, river basins, or river sub-basins are adequately served by private mitigation banks and provide a recommendation as to whether State-provided mitigation services should be discontinued in those areas.
 - **Subsection (h)** places a hold on future effective dates for rules in the Jordan Lake and Falls Lake nutrient strategies that have not yet taken effect. For Jordan Lake, the hold applies to any rules taking effect between the effective date of H.B. 1030 and October 15, 2019. For Falls Lake, the hold applies to rules taking effect between the effective date of H.B. 1030 and October 15, 2022.
 - **Subsection (i)** directs DEQ to allow any stormwater treatment practice approved for nutrient Total Maximum Daily Load (TMDL) compliance in the Chesapeake Bay watershed to be used for TMDL compliance in the Jordan Lake and Falls Lake watersheds at the same pollutant removal efficiency value (essentially, the “credit” for purposes of nutrient removal that a person using the practice receives).
- Earmarks \$16.6 million of water and wastewater grants for the following entities (**Sec. 14.20 & Sec. 14.20A**):
 - Town of Love Valley - \$400,000,
 - Duplin County for B.F. Grady Elementary School - \$1 million,
 - Town of Fontana Dam - \$700,000, and
 - Regional Water/Sewer Authority for Rockingham/Guilford Counties - \$14.6 million.
 - Directs DEQ, with assistance from the Department of Transportation, to catalog all wetland and stream mitigation credits currently in State ownership. DEQ will report findings to the Environmental Review Commission and the ANER Oversight Committee. (**Sec. 14.21**)

Wildlife Resources Commission

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- Restores a \$2.1 million transfer of gas tax revenue to the Boating Safety Account following Continuation Review. **(H-30)**

Department of Commerce and Commerce State Aid

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- Provides \$600,000 to support Commerce's operational needs including IT expenses. **(H-35, #41)**
- Creates an International Recruiting Coordination Office in Commerce and provides \$250,000 to support 2 positions and \$750,000 for entertainment, hosting and gift-procurement expenses. **(H-36, #42)**
- Provides \$3.75 million nonrecurring to Commerce for domestic and international business advertising. **(H-36, #43)**
- Provides \$1 million nonrecurring for tourism advertising through the Economic Development Partnership of NC and \$78,000 to support a position dedicated to attracting food processing entities. **(H-36, #44 & #45)**
- Provides \$6 million nonrecurring for a public infrastructure project in Johnston County. **(H-37, #47)**
- Provides \$5.7 million nonrecurring in downtown revitalization grants for 56 municipalities. **(H-37, #50)**
- Provides \$336,000 for 5 community planner positions to be located in the Prosperity Zones. **(H-37, #52)**
- Provides an additional \$600,000, of which \$400,000 is recurring, for marketing efforts of the High Point Furniture Market. **(H-42, #54)**

Provisions from H.B. 1030

- Provides deobligated Community Development Block Grant funds for a broadband initiative and for water and sewer projects in public schools. **(Sec. 15.1)**
- Reduces the size of the North Carolina Travel and Tourism Board from 29 to 19 members and amends its appointing authority, along with the appointing authority for the Economic Development Accountability & Standards Committee. **(Sec. 15.6)**

Department of Natural and Cultural Resources

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- Provides \$169,269 and 3 positions for the Archaeology Research Center. **(H-46, #59)**
- Provides an additional \$8.6 million nonrecurring for the Clean Water Management Trust Fund. **(H-47, #62)**

- Provides an additional \$500,000 nonrecurring for the Grassroots Arts Program. **(H-48, #67)**
- Provides nonrecurring grants-in-aid to following: \$50,000 for Ingram Planetarium, \$1 million for downtown Winston-Salem museums, \$50,000 for the Fuquay-Varina Arts Center, \$50,000 for Dreams of Wilmington, Inc., and \$50,000 for the Fair Bluff Community Library. **(H-48 & H-49, #71-74)**
- Provides additional nonrecurring funds to each of the following State Historic Sites: \$100,000 for Tryon Palace, \$50,000 for Brunswick Town, \$150,000 for Fort Dobbs and \$150,000 for the Transportation Museum. **(H-49, #75-78)**
- Provides \$200,000 for a statewide children’s digital library. **(H-50, #81)**

Provisions from H.B. 1030

- Adds State parks and aquariums to the list of agencies exempted from the Umstead Act for purpose of sales of food and tourism-related items, and removes DEQ from that exemption. It also allows NC Zoo to lease property to a private entity for the operation of hotel or tourist-inn. **(Sec. 16.3)**
- Makes a number of changes to the competitive Grassroots Science Museum grant program scheduled to begin in FY 2016-17. **(Sec. 16.5)**
 - It changes the name of the program to the NC Science Museums Grant Program.
 - It allows for a 1-year transition period for existing grassroots science museums.
 - It amends the eligibility requirement that all museums must be a non-profit by also allowing all museums that received funding in FY 2015-16 to be eligible for the competitive program.
 - It removes the 2 year requirement that a museum’s mission statement must include language that shows the museum has a science or STEM-based programming.
 - It allows the Department to use up to \$50,000 for a position to administer the program.