



Early this month, Governor Cooper released his 2019-21 budget. As expected, included in his budget's priorities is the proposal to expand Medicaid – a controversial effort that will continue to cause unrest both within the General Assembly, and between the Legislature and the Governor. The Governor's budget also proposes to place a nearly \$4 billion bond initiative before North Carolina voters to invest in school construction, and other critical infrastructure. Other initiatives and funding included in his budget follow:

- \$800 million for an overhaul of water and sewer infrastructure across the state
- \$20 million annual appropriation increase for Clean Water Management Trust Fund (CWMTF) and the Parks and Recreation Trust Fund (PARTF), plus an additional one-time \$5 million appropriation to each fund
- Nearly \$16 million from the state's Capital Improvements Projects Reserve to be used for the state match for federal navigation, beach renourishment, flood mitigation and other water resource development projects.
- Additional support to NC Division of Marine Fisheries for shellfish leasing and stormwater oversight programs and a \$1,180,000 in additional one-time funds for oyster sanctuaries, cultch planting and studies of current sanctuary and planting programs and mariculture market analysis. DMF would also get \$2 million to help pay for a replacement of the West Bay, a vessel currently used for oyster sanctuary and reef construction.
- \$300,000 for offshore wind infrastructure and supply chain analysis to evaluate state and privately held ports that could support offshore wind maintenance and manufacturing projects.

Legislators have taken action this session to help coastal communities raise revenue to move forward with necessary work. Representative Frank Iler (R-Brunswick) introduced HB 17, which would allow Brunswick County's municipalities to adopt a half-cent meals tax. The additional tax would require approval through a referendum, which could be held this year. He expects between two and five of the county's communities to take advantage of the legislation, should it pass. Representative Norm Sanderson (R-Pamlico) introduced SB 177, which would give Carteret County the option of asking voters to adopt a countywide quarter-cent sales and use tax to cover the costs of inlet and waterway dredging and maintenance. The legislation would only apply to Carteret County and would allow the funds to be used only for inlet and waterway dredging and maintenance. As [this Carteret County News-Times article](#) notes, this "differs from previous sales tax referendum legislation in that it allows a referendum question to include language that pinpoints a specific use for the revenue the tax would generate."

A Proposed Committee Substitute to S95 Veterans Memorial Funds/Do Not Revert passed the Senate on March 27th. Changes to the bill, at the request of Senator Harry Brown, would allocate and change the grant process for the \$5 million Resource Institute appropriation from the previous session. North Topsail will now receive a direct grant of \$1.6 million. The remaining \$3.4 million will remain under the administration of the Resource Institute and be split evenly between the towns of Surf City and Topsail Beach. Below is the provision from S95. Surf City and Topsail Beach have requested that they also receive direct grants.

## LEGISLATION OF INTEREST – RECENT ACTION

### **SB 95: Veterans Memorial Funds/Do Not Revert**

**SECTION 3.** Section 13.9 of S.L. 2018-5, as amended by Section 2.9 of S.L. 2018-138, reads as rewritten:

#### **"DEQ GRANT-IN-AID GRANTS-IN-AID**

**"SECTION 13.9.(a)** Of the funds appropriated in this act to the Department of Environmental Quality, Division of Water Resources, the ~~sum of five million dollars (\$5,000,000)~~ shall be used following sums are allocated to the indicated recipients for the indicated storm resiliency purposes:

- (1) Three million four hundred thousand dollars (\$3,400,000) to provide a grant-in-aid to Resource Institute, Inc., for the purpose of working with local governments on Topsail Island and engineering firms to develop, plan, or implement projects in or benefitting the Towns of Surf City and Topsail Beach intended to mitigate the impacts of future hurricanes on ~~Topsail Island~~ those local governments and their adjoining coastlines.
- (2) One million six hundred thousand dollars (\$1,600,000) to the Town of North Topsail Beach for hurricane recovery projects in or benefitting the Town and its adjoining coastline.

**"SECTION 13.9.(b)** On or before October 1, 2019, ~~Resource Institute, Inc.,~~ the recipients of allocations under this section shall submit a report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division. The report shall contain at least all of the following:

- (1) A list of participating local governments and engineering firms and other partners in projects funded under this section.
- (2) A list of projects funded on Topsail Island, including a summary of the costs and the scope of the project.
- (3) A summary of the emerging techniques developed and implemented as a result of the efforts of the collaboration between local governments, engineering firms, and Resource Institute, Inc.
- (4) Documentation of the impact on the resilience of beach nourishment projects and the number of beach nourishment projects assisted."

**SB 77: Ag Disaster Fund/Certain Counties** was signed by Governor Cooper on 3/8/19 (Ch. SL 2019-3). It extends the deadline to apply for the Hurricane Florence Agricultural Disaster Program of 2018 for certain counties that received a Presidential or Secretarial Disaster Declaration as a result of Hurricane Michael after the original deadline. The legislation requires the NC Department of Agriculture and Consumer Services to accept completed applications from people eligible for financial assistance for no more than 10 consecutive business days on which the federal government is not partially or fully shut down (effective upon becoming law). It expires on the date the Department has processed all applications validly received during this period.

**HB 169: Loggerhead Turtle/State Saltwater Reptile** would adopt the loggerhead turtle as the state's official saltwater reptile

**SB 177: Carteret Local Option Sales Tax for Dredging** would give Carteret County the option to ask voters to adopt a countywide quarter-cent sales and use tax to cover the costs of inlet and waterway dredging and maintenance. It would only apply to Carteret County, and would allow the funds to be used only for inlet and waterway dredging and maintenance.

**HB 52: Wrightsville Beach Local Act Amendment** would clarify easement rights along the oceanfront properties to allow the town to build looped waterlines to improve water quality

**HB 44: Fort Fisher Historic Site Funds** would allocate \$7.5 million for the completion of renovations at Fort Fisher and allocate \$500,000 to plan facilities for the state's Underwater Archeology Branch of the Office of State Archaeology to be located at the fort.

**HB 245: DEQ/Policy Changes** includes a provision that would extend from 15 to 30 days the amount of time the Coastal Resources Commission has to respond to contested cases petitions.

**HB 204: Carteret City/Annexation & Navigable Waters** would give local control to Beaufort for the navigable waters around the unincorporated region of the Rachel Carson Reserve and extend local authority over anchoring of boats and operations of boats and vessels in navigable waters to the towns of Atlantic Beach, Bogue, Cape Carteret, Cedar Point, Emerald Isle, Indian Beach, Morehead City, Newport, Peletier and Pine Knoll Shores.

**HB 246: DEQ/Fund and Fee Changes** would allow Division of Coastal Management to use up to 2 percent of the Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund annually to cover two positions: a beach and inlet project manager to oversee all activities related to beaches and inlets, and a manager to oversee financial management of water resources grants. The bill would also direct some of the fund be used to develop and maintain a database of all dredge material disposal sites in the state.

**HB 17: Local Option Meals Tax/Brunswick Co. Munis** would allow the Brunswick County's municipalities to adopt a half-cent meals tax. The additional tax would require approval through a referendum that could be held as early as this year.