



Legislative Report March 29, 2024

The North Carolina General Assembly will begin its 2024 legislative “short” session on April 24, with a focus on swiftly passing the state budget bill. Legislative budget leaders are meeting now to determine how much state money they will have to work with this year, and hope to pass the state budget bill by early to mid June. This expedited process is designed to facilitate a potential veto override during the middle of June, should it become necessary. It remains to be seen what the priorities are with a few issues to tackle left over from the long session, but all signs point to the Legislature wanting to adjourn quickly. As such, it is anticipated that legislation deemed critical will be fast-tracked for early and rapid consideration.

Speaker Tim Moore, who is running for Congress, will remain Speaker during the 2024 legislative session. He has delineated several priorities for the Republican-controlled House, leveraging their veto-proof supermajority. The session's principal aim is to pass the state budget, a common goal for short sessions, with Speaker Moore indicating that additional tax cuts are uncertain at this juncture. A notable legislative priority includes addressing antisemitism by potentially defining it as a hate crime, spurred by a rise in antisemitic incidents and international events. Moore also emphasized tackling illegal immigration and drug trafficking to prevent North Carolina from becoming a haven for such activities, acknowledging the daily impact of drug-related deaths on the state.

Amid concerns about inflation and the financial well-being of North Carolinians, Speaker Moore expressed consideration for additional raises for state employees and teachers, beyond those scheduled from the 2023 budget. However, on the topic of social issues, Moore specified that the House Republicans do not intend to pursue further abortion restrictions this year, following last year's legislation that banned abortions after the first trimester, with exceptions. Similarly, there is no current plan to address in-vitro fertilization (IVF) issues. Discussions on medical marijuana legalization and other unresolved topics, such as casinos and video lottery terminals, are still in the early stages.

Primary Election Recap

March 5 marked the primary election date for North Carolina, with thousands of voters casting ballots in races for president, governor, lieutenant governor, state legislative primaries, and Congress. Voters also voted in local races across the State. Several races will head to a primary runoff election, to be held May 14, 2024.

Regarding Governor, as expected, Attorney General Josh Stein and Lt. Governor Mark Robinson handily won their party's Gubernatorial nominations. The Republican race was slightly more competitive but the outcome for each was never seriously in doubt. This will be the most competitive Gubernatorial campaign in the country this fall.

Regarding Commissioner of Insurance, current Democrat state Senator Natasha Marcus will take on incumbent Republican Insurance Commissioner Mike Causey this fall who survived two primary challengers. Marcus will raise money and put up a fight with Mike Causey so this will be an interesting race to watch but Causey certainly starts off with strong prospects to keep his position.

Regarding state legislative districts for Onslow and Pender Counties, here are the match ups for November:

Senate

District 6: Onslow

Andi Morrow (D) of Swansboro vs Michael A. Lazzara (R) of Jacksonville

District 9: Bladen, Duplin, Jones, Pender, Sampson (part)

Jamie Campbell Bowles (D) of Clinton vs. Brent Jackson (R) of Autryville

House

District 14: Onslow (Part)

Crmen Spicer (D) of Jacksonville vs. Wyatt Gable (R) of Jacksonville

*George Cleveland the incumbent lost in the Republican primary

District 15: Onslow (Part)

Christopher Schulte (D) of Richlands vs. Phil Shepard (R) of Jacksonville

*Matthew Feehan of Jacksonville is the Libertarian candidate in the race

District 16: Onslow (Part) and Pender

Frances Lakey (D) of Sneads Ferry vs. Carson Smith (R) of Hampstead

Environmental Review Commission

March 6, 2024 Meeting

The Environmental Review Commission met on March 6 to hear presentations on Shellfish Leasing and an overview of Coastal Dredging. The presentation by the Department of Environmental Quality's Division of Marine Fisheries focused on shellfish programs and policies in North Carolina.

- Importance of Shellfish: Shellfish, particularly oysters, are identified as keystone species in the Albemarle-Pamlico Estuarine System, the second-largest in the U.S. They contributed \$31.7 million in 2022 and offer significant ecosystem services.
- Shellfish Programs: The presentation outlines various programs aimed at the rehabilitation, cultivation, and protection of shellfish, including cultch planting, oyster sanctuaries, utilization of the R/V Oyster Creek, and shellfish leases for aquaculture.

- Management Goals: The goals are to sustain, protect, preserve, and manage shellfish resources to support both a healthy environment and economy. This includes restoration efforts through cultch planting and oyster sanctuaries, as well as economic growth through shellfish leasing and aquaculture.
- Cultch Planting and Oyster Sanctuaries: The presentation distinguishes between cultch planting, which involves creating small, harvestable rock reefs to take pressure off natural reefs, and oyster sanctuaries, which are larger, protected areas designed to optimize natural oyster growth and promote larval dispersal.
- Shellfish Lease Program: The program allows for the leasing of public trust waters for shellfish aquaculture, with specific conditions related to site selection, environmental impact, and economic contribution. The process involves a comprehensive application and review process, public comments, and regulatory oversight.
- Aquaculture Value and Impact: Aquaculture is highlighted as a way to sustainably grow the local oyster market without depleting natural resources, providing both direct economic benefits and ecosystem services.
- Adaptation and Regulatory Reform: The presentation discusses efforts to study user conflicts, develop best management practices, and explore regulatory reforms to support the shellfish industry. It also mentions the creation of Shellfish Aquaculture Enterprise Areas (SEAs) and adjustments to leasing policies to address modern challenges.
- Economic Analysis: A comparative analysis of landings from leases versus wild harvest underscores the importance of aquaculture in supporting the shellfish industry's sustainability and economic impact.

The presentation given by the DEQ Division of Coastal Management and the US Army Corps of Engineers outlines the dredging process and permitting in North Carolina:

Importance of Dredging

- Dredging is crucial for maintaining safe water depths for navigation (commercial, recreational, transportation), serving as the primary source of beach nourishment material, supporting military readiness, and having a significant economic impact. North Carolina's unique variety of shallow and deep-draft waterways underscores the importance of dredging activities.

Wilmington District Navigation Channels

- The presentation lists active shallow draft projects along with their authorized depths, highlighting the extensive network of waterways managed for navigation, including the Atlantic Intracoastal Waterway, Beaufort Harbor, Bogue Inlet, and more.

State & Federal Roles in Dredging

- Dredging impacts public trust resources, with sediment as a state resource. The presentation emphasizes the need for permits to balance dredging needs with environmental protection, involving both state and federal agencies in a complementary effort.

Dredging Equipment and Fleet

- It introduces the types of dredges used (Cutterhead/Pipeline, Hopper, Bucket & Barge) and details on the USACE shallow draft fleet, including Dredge Murden, Dredge Merritt, Dredge Currituck, and the multipurpose Brandy Station.

Project Selection and Funding

- Federal projects are authorized and funded by Congress, while non-federal projects can initiate from state, local governments, or private entities with necessary funding. The process for project selection and funding involves water depth surveys, environmental clearances, and securing funding.

Permitting and Authorizations

- Required authorizations include Federal Consistency, CAMA Major Permit/State Dredge and Fill Permit, 401 Water Quality Certification, and Army Corps of Engineers Permit. The presentation details the steps and requirements for each type of permit and the coordinating role of the DEQ and USACE in processing these permits.

Benefits of Coordination through CAMA

- The presentation highlights the benefits of coordinated permitting, including time and cost savings, comprehensive review, and guidance throughout the process. The "Maintenance Clause" in CAMA permits allows for multiple dredging events under an active permit.

Environmental Impact Coordination

- It also touches on the environmental impacts of dredging, including effects on wildlife, fisheries, habitat, and water quality standards, emphasizing the importance of coordination to minimize negative impacts.

Recap and Conclusion

- Dredging is vital for navigation, beneficial use of material, national security, and economic impact. The process benefits from time and cost savings and provides an umbrella review for environmental and public trust considerations.

Joint Legislative Oversight Committee on Agriculture and
Natural and Economic Resources
March 7, 2024 Meeting

The Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources met on March 7 to hear presentations on Shellfish Program Funding, the Shellfish Mariculture Loan program, and the Shallow Draft Navigation Fund.

Richard Rogers from the Division of Water Resources presented on the Shallow Draft Navigation Fund (SDNF) and its contributions to maintaining navigable waterways in North Carolina.

Background and Importance

- Dredging plays a crucial role in maintaining safe water depths for navigation, serving as a source of beach nourishment material, and supporting commercial and recreational activities. North Carolina's extensive and varied shallow draft waterways significantly impact the state's economy, contributing over \$651.8 million in direct impact and supporting 13,220 jobs.

Shallow Draft Navigation Fund (SDNF) Overview

- Established in 2013, the SDNF is designed to keep shallow draft navigation channels navigable and safe. It enables state and local governments to contribute funds to the Corps for maintenance dredging of such channels, with an annual cap of \$12 million through an agreement ending in 2026.

Program Scope

- The SDNF provides funding for dredging activities in state waters or waters of the state located within lakes, acquisition of dredged disposal easement sites, and maintenance of the Atlantic Intracoastal Waterway area, with projects initiated by local governments.

Federal vs. Non-Federal Projects

- Federally authorized navigation projects in North Carolina include 24 projects, with 22 being shallow draft projects. Funding for these projects requires a 75% state and 25% non-state match, with Tier 1 DOT Ferry Channels receiving 100% state funding. Non-federal projects also follow a 75%/25% state/local funding model.

Dredging Cost-Share and Revenue Sources

- The funding model changed in 2022 to a 75% state and 25% local cost-share, with Tier 1 DOT Ferry Channels funded entirely by the state. The SDNF's annual revenue ranges from \$22M to \$27M, sourced from boat certificate fees, boat title transfer fees, and a portion of the fuel excise tax.

Federally Authorized Channels and Repeat Projects

- Notable federal channels include Cape Lookout Bight, Lockwood Folly Inlet, and Oregon Inlet. Dredging cycles vary, with some projects occurring yearly and others every few years, reflecting the ongoing need for maintenance to ensure safe navigation.

Funding Summary

- Since its inception, the SDNF has allocated significant funds for various dredging projects, demonstrating the program's vital role in maintaining North Carolina's waterways. The total funds distributed to date amount to over \$108 million, with the most current year's funding reaching approximately \$27.5 million as of February 2023.

Additional Programs

- The presentation also addressed the Water Resources Development Grant (WRDG) and the Coastal Storm Damage Mitigation Fund, highlighting the state's comprehensive approach to managing its water resources and mitigating coastal storm damage.

Additional legislative study committees could meet between now and April 24. We will let you know if any legislative study committees of interest meet before the beginning of the 2024 legislative session.

Prepared By: David P. Ferrell, Clark Riemer and Chase Horton - TISPC Lobbyists

***MAYNARD NEXSEN PC
4141 Parklake Ave, Suite 200
Raleigh, North Carolina 27612
Telephone: (919) 573-7421
dferrell@maynardnexsen.com
www.maynardnexsen.com***