

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** House Bill 1322

**SHORT TITLE:** Beach Renourish/Reserve Funds

**SPONSOR(S):** Representatives Redwine, Watson, Gulley, Mosley, Owens, Preston, Rayfield; Smith, Hill, and Warwick

<b>FISCAL IMPACT</b>					
	<b>Yes (x)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 1998-99</u></b>	<b><u>FY 1999-00</u></b>	<b><u>FY 2000-01</u></b>	<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>
<b>EXPENDITURES</b>	\$67,883	\$65,343	\$67,314	\$69,231	\$71,272
<b>POSITIONS:</b>	1.00	1.00	1.00	1.00	1.00
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>	Department of Environment and Natural Resources, Division of Water Resources				
<b>EFFECTIVE DATE:</b>	When it becomes law				

*\* Salaries are adjusted to reflect the projected growth estimated for average hourly earnings in manufacturing. The inflation rates are based on forecasts by Data Resources.*

**BILL SUMMARY: H 1322. BEACH RENOURISH/RESERVE FUNDS. TO ESTABLISH THE BEACH RENOURISHMENT FUND, TO ESTABLISH THE TRUSTEES OF THE FUND, TO RESERVE FIVE PERCENT OF THE UNRESERVED CREDIT BALANCE IN THE GENERAL FUND AT THE END OF EACH FISCAL YEAR TO THE BEACH RENOURISHMENT FUND, AND TO MAKE CONFORMING STATUTORY CHANGES.** Adds Art. 13B to GS Ch. 113 creating Beach Renourishment Fund in Department of State Treasurer. Under new GS 143-15.3D, Fund will receive 5% of any unreserved credit balance remaining in General Fund at end of each fiscal year. Fund will have board of trustees of nine members (three appointed by Governor, three by General Assembly on recommendation of Senate President Pro Tem., and three by General Assembly on recommendation of House Speaker). Members will serve staggered six-year terms. Any local government or other political subdivision of state may apply for grant from Fund for purpose of beach renourishment. Requires Board to develop criteria for awarding grants. Board must establish matching requirements for grants, up to 10% of grant amount. Grants may include up to half of costs of preparing applications. Board's chair must report to Environmental Review Commission annually beginning Nov. 1, 1998 on implementation of program, and send written copy of report to Fiscal Research Division.

**ASSUMPTIONS AND METHODOLOGY:**

House Bill 1322 creates the Beach Renourishment Fund and reserves 5% of the unreserved credit balance remaining in the General Fund at the end of each fiscal year for this Fund. For fiscal year ending June 30, 1999, that amount is estimated to be \$23.3 million. The 5-year estimated allocations to the Fund are projected in the table below:

<b>Simulation of Potential General Fund Credit Balance Earmarkings in Future (\$Million)*</b>		
<b>Year End</b>	<b>Projected Ending Credit Balance</b>	<b>Beach Renourishment Fund</b>
6/30/99	466.0	23.3
6/30/00	494.0	24.7
6/30/01	523.0	26.2
6/30/02	555.0	27.8
6/30/03	588.3	29.4

*This simulation is an example of the amount of earmarking that would take place under the assumed ending credit balance numbers. This simulation was run prior to the Bailey decision and figures could be impacted by decisions to change earmarking formulas or other factors to address the Bailey case.*

The bill also establishes a nine member Board of Trustees to allocate grant moneys from the Fund. Annual expenses of the Board are estimated to be \$2,223. This estimate is based on a total travel (\$37.50) and per diem (\$86) rate of \$123.50 per day for Board members in accordance with G.S. 138-5, and assumes the Board will meet at least two times per year (9 members x \$123.50/day x 2 meetings = \$2,223). Per diem, subsistence, and travel expenses of the Board are to be paid from the Fund.

The bill also directs the Department of Environment and Natural Resources to provide staff support and meeting facilities for the Board. The Division of Water Resources estimates requiring an additional Engineer II position to work with the Board in developing grant criteria and priority system, writing a manual to assist grant applicants, evaluating grant applications, administering grant funds and monitoring projects, and providing technical assistance to applicants.

**TECHNICAL CONSIDERATIONS:**

None

**SOURCES OF DATA:** Department of Environment and Natural Resources; Division of Water Resources

**FISCAL RESEARCH DIVISION**

**733-4910**

**PREPARED BY:** Jennifer L. Herrera

**APPROVED BY:** Tom Covington

**DATE:** June 25, 1998

**Official  
Fiscal Research Division  
Publication**



**Signed Copy Located in the NCGA Principal Clerk's Offices**