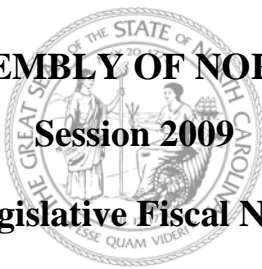


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: House Bill 1765 (Second Edition)

SHORT TITLE: Amend IBT Notice.

SPONSOR(S): Representatives Gibson and Harrison

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>
REVENUES					
Env. Management Commission	\$44,000	\$0	\$46,336	\$0	\$48,354
EXPENDITURES					
Env. Management Commission	\$44,000	\$0	\$46,336	\$0	\$48,354
Fines & Penalties					
Admin. Allowance	(\$44,000)	\$0	(\$46,336)	\$0	(\$48,354)
POSITIONS (cumulative):	0.0	0.0	0.0	0.0	0.0
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Environment and Natural Resources – Environmental Management Commission					
EFFECTIVE DATE: When the bill becomes law.					

BILL SUMMARY: H1765 transfers the responsibility to pay for public hearings associated with IBT permits from the Environmental Management Commission to the permit applicant.

G.S. 143-215.22L requires a certificate from the EMC to initiate a new inter-basin transfer (IBT) or to significantly increase an existing one. Each application for an IBT certificate requires public hearings on three aspects of the certification process: (1) the notice of intent to file a petition; (2) the draft environmental document; and (3) the draft determination.

Under current law, the applicant is responsible for costs associated with the first hearing, and the EMC is responsible for costs associated with the second and third. H1765 would make the applicant responsible for costs associated with all three public hearings.

ASSUMPTIONS AND METHODOLOGY: The most significant costs associated with IBT public hearings are those for publishing hearing notices. The party responsible for each public hearing for an IBT certification is required to publish a notice in the North Carolina Register and in a newspaper of general circulation in the following areas:

- 1.) Each N.C. county upstream of the proposed withdrawal point in the source river basin
- 2.) Each N.C. county downstream of the proposed withdrawal point in the source river basin
- 3.) Any area in N.C. in a river basin for which the source river basin has been identified as a future source of water in a local water supply plan.
- 4.) Each N.C. county in the receiving river basin.
- 5.) Each non-N.C. city or county located in the source river basin and in one of the USGS 8-digit cataloguing units listed in the statute.

The EMC is currently undertaking review of an application for the Kerr Lake Regional Water System IBT. For each public hearing related to that process, the EMC is required to purchase space in 53 newspapers to comply with G.S 143-215.22L. The average cost per newspaper is \$320. Thus, the total cost per hearing for newspaper notices is about \$17,000. Including other minor costs such as shipping fees and facility rental, the EMC will spend about \$22,000 overall per hearing. DENR anticipates that future hearings will carry the same cost.

DENR projects that the EMC will undertake a total of two to three IBT certifications over the next five years. For the purposes of this analysis, Fiscal Research assumes that there will be one in FY 2010-2011, one in FY 2012-2013, and one in FY 2014-2015. For that scenario, the EMC's avoided public hearing expenditures under H1765 are summarized in Table 1 below:

Table 1: EMC Avoided Public Hearing Expenditures under H1765

		Projected IBT Public Hearings									
		FY 10-11		FY 11-12		FY 12-13		FY 13-14		FY 14-15	
Hearing Type	Cost/Hearing	No.	Cost	No.	Cost	No.	Cost	No.	Cost	No.	Cost
Draft Env. Document	\$ 22,000	1	\$ 22,000	0	\$ -	1	\$ 22,000	0	\$ -	1	\$ 22,000
Draft Determination	\$ 22,000	1	\$ 22,000	0	\$ -	1	\$ 22,000	0	\$ -	1	\$ 22,000
Total Annual Cost:			\$ 44,000		\$ -		\$ 44,000		\$ -		\$ 44,000
Adjusted for Inflation:			\$ 44,000		\$ -		\$ 46,336		\$ -		\$ 48,354

Under current law, the EMC would pay the above costs from the fines & penalties administration allowance. Under H1765, the IBT applicant would pay, and there would be an associated reduction in expenditures from the fines & penalties administration allowance.

SOURCES OF DATA: Department of Environment and Natural Resources;
moodyseconomy.com

TECHNICAL CONSIDERATIONS: None

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DATE: June 29, 2010



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