

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 1299 (First Edition)

SHORT TITLE: Interbasin Transfer Amendments

SPONSOR(S): Senators Cochrane; Albertson, Carpenter, East, Horton, Kinnaird, Martin of Pitt, Odom, and Phillips

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>
Total Requirements	\$51,125	\$48,033	\$500	\$500	\$500
Agency Revenues	\$15,000	\$500	\$500	\$500	\$500
Appropriation (Requirements - Revenues)	\$36,125	\$47,533	-	-	-
POSITIONS:	1.00	1.00	-	-	-
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Environment and Natural Resources; Division of Water Resources					
EFFECTIVE DATE: October 1, 1998					

BILL SUMMARY: S 1299. INTERBASIN TRANSFER AMENDMENTS (=H 1473). TO AMEND THE LAWS REGARDING THE WITHDRAWAL AND TRANSFER OF SURFACE WATERS AND THE STATE WATER SUPPLY PLAN. Amends GS 143-211 to declare state policy that cumulative impact of transfers from source river basin not degrade water quality of that basin or diminish its assimilative capacity. Amends GS 143-215.8B to require Environmental Management Commission, in developing basinwide water quality plans, to consider cumulative impacts of all transfers into and out of basin. Amends GS 143-215.22H, which requires registration of water basin withdrawals or transfers, to reduce from 1 million gallons per day to 100,000 gallons per day the threshold for registering. Amends GS 143-215.22I (regulating surface water transfers) to: (1) require Environmental Management Commission, in determining whether to issue certificate for transfer, to consider local water supply plans in

source major river basin and use them to evaluate projected future municipal water needs in that basin; (2) require environmental assessment under GS 113A-8.1 (which is enacted by this bill) for any petition for certificate under that section; (3) require any certificate under GS 113-8.1 to include drought management plan; and (4) direct any applicant with certificate, when transfers equal 80% of maximum allowed under certificate, to submit to Department of Environment and Natural Resources a plan stating how applicant intends to address future foreseeable water needs, and to require implementation of plan when transfers equal 90% of maximum. Amends GS 143-355(l) to require that local government water supply plans include current and anticipated reliance on surface water transfers; requires such plans by January 1, 1999. Directs DENR to develop state water supply plan by January 1, 2000. Effective October 1, 1998.¹

ASSUMPTIONS AND METHODOLOGY:

Current law requires water withdrawals and transfers from the State's surface or groundwaters of 1,000,000 gallons per day (gpd) or more to be registered with the Environmental Management Commission. The Division of Water Resources employs an Engineer I who spends 25% of his time managing approximately 380 registered withdrawals for both farming and non-farming operations. Farming operations include crop irrigation, fish farming, and animal farming; non-farming operations include public water systems, industries, and golf courses. There is a \$50 one time registration fee for water withdrawals for non-farming operations. Farming operations are exempted by law from this fee, but are still required to submit registrations to the department. Applicants who update their water withdrawal/transfer registration are not required to submit additional registration fees, but are subject to late fees pursuant to G.S. 143-215.22H(e).

Senate Bill 1299 proposes to change the registration threshold requirement for water basin withdrawals and transfers from 1,000,000 gpd to 100,000 gpd. The Division of Water Resources estimates that lowering the threshold could potentially add over 2,300 new water users, both farming (2,000) and non-farming (300) to the registration directory. The division further estimates that these new registrations efforts could take approximately two years to complete. Registration efforts would include a public information campaign to reach new water users, technical assistance to water users to help estimate water use, general data entry, and management of the registration database. Based on the increase in potential new water users, a time-limited Engineer I position is expected to be required to address the short term projected increase in registrations.

The estimated 300 non-farming operations added to the registration list in FY 1998-99 would provide \$15,000 in revenues to offset the cost of an additional position. (300 non-farming operations X \$50 registration fee). It is anticipated that in each subsequent fiscal year, an additional 10 non-farming registrations will come on line, providing \$500 in revenues (10 registrations X \$50 registration fee).

Additional Changes

¹ *Daily Bulletin*, Institute of Government, UNC-Chapel Hill, Vol. 1998, No. 18

Under the proposed changes to G.S. 143-215.22I, applicants who petition the Environmental Management Commission for a certificate to transfer water from one river basin to another must pay the costs of an environmental assessment. The changes proposed under this section conform to current departmental practices. DENR utilizes existing resources to cover the costs associated with environmental assessments, and asks certificate petitioners to cover costs incurred for major studies. The cost would vary from applicant to applicant depending upon the technical nature of the study required.

TECHNICAL CONSIDERATIONS: None

SOURCES OF INFORMATION: 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 22, 1998



Signed Copy Located in the NCGA Principal Clerk's Offices