

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** SB 220 (1st Edition)

**SHORT TITLE:** Winery Wastewater Management

**SPONSOR(S):** Senator Horton

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2003-04</u></b>	<b><u>FY 2004-05</u></b>	<b><u>FY 2005-06</u></b>	<b><u>FY 2006-07</u></b>	<b><u>FY 2007-08</u></b>
<b>REVENUES</b>					
DENR receipts	(\$375)	(\$375)	(\$375)	(\$375)	(\$375)
<b>EXPENDITURES</b>					
<b>POSITIONS:</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>	Department of Environment and Natural Resource (DENR) and Department of Agriculture and Consumer Services (DACS)				
<b>EFFECTIVE DATE:</b>	The bill is effective when it becomes law.				

**BILL SUMMARY:** Senate Bill 220 establishes an alternative system of permits and fees for winery wastewater management systems. It requires the Departments of Environment and Natural Resources and Agriculture and Consumer Services to jointly prepare technical assistance information on the management of winery cleaning and process wastewater and to submit an interim and final report to the Environmental Review Commission (ERC) on the technical assistance information. DENR is also required, in consultation with DACS, to develop design criteria for the management of winery cleaning and process wastewater through nondischarge land application systems and report those criteria to the ERC.

**ASSUMPTIONS AND METHODOLOGY:**

Under current law, a winery that treats and disposes of its winery cleaning and process wastewater must obtain a minor nondischarge water quality permit. Currently, a minor nondischarge water quality permit is \$675.

SB220 proposes to change the annual permit fee for a winery wastewater management system that serves a winery that produces 200 or more gallons of wine annually from \$675 to the following:

- \$100 for wineries that produce less than 10,000 gallons of wine annually.
- \$300 for wineries that produce 10,000 or more but less than 100,000 gallons of wine annually.
- \$675 for wineries that produce 100,000 or more gallons of wine annually.

Wineries that produce less than 200 gallons of wine annually would not pay a permit fee.

**Revenue:** According to the Department of Environment and Natural Resources (DENR), there are currently 21 operational wineries in North Carolina. Of these, only one has contacted DENR regarding a nondischarge water quality permit. Although DENR does not have detailed information on the wastewater management systems for the remaining 20 wineries, it assumes that each of these wineries has been permitted at the local level and is either cleaning and processing wastewater through an on-site subsurface wastewater system or is connected to a publicly owned wastewater treatment system and, thus, does not need a nondischarge water quality permit from the State.

The winery that has contacted DENR regarding a nondischarge water quality permit produces approximately 15,000 gallons of wine annually. Under the current statute, this winery would be required to pay DENR a \$675 annual permit fee. Under the revised fee schedule proposed in SB 220, this winery would be required to pay a reduced fee of \$300. Because these fees are credited as a receipt to the Division of Water Quality, the Division would lose \$375 in revenues on annual basis. If additional wineries that produce less than 100,000 gallons of wine apply for a nondischarge water quality permit under the alternative system for winery wastewater management systems, then additional future revenues would be lost. The amount of this loss is dependent upon the number of wineries that apply and the size of those wineries. This fiscal note makes no attempt at estimating the potential number of future winery permit applications but assumes that these numbers would be low enough as to not cause a significant reduction in revenues to the Division.

**Expenditures:** The bill requires the Department of Agriculture and Consumer Services (DACS) and the Department of Environment and Natural Resources (DENR) to jointly prepare technical assistance information on the management of winery cleaning and process wastewater. It also requires DENR, in consultation with DACS, to develop design criteria for the management of winery cleaning and process wastewater through nondischarge land application systems. Both DACS and DENR will use existing staff to develop these materials and do not anticipate the need for increased expenditures.

**SOURCES OF DATA:** Department of Environment and Natural Resources

**FISCAL RESEARCH DIVISION:** (919) 733-4910

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**DATE:** March 4,2003



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