

§ 113-217. New leases for marine aquaculture.

(a) To increase the use of suitable areas underlying coastal fishing waters for establishment of marine aquaculture, the Secretary may grant marine aquaculture leases under the terms of this section when the Secretary determines, in accordance with the Secretary's duty to conserve the marine and estuarine resources of the State, that the public interest will benefit from issuance of the lease. Suitable areas for marine aquaculture shall meet the following minimum standards:

- (1) The area leased must not contain a natural commercially significant shellfish bed.
- (2) The marine aquaculture operation in the leased area will not unreasonably interfere with lawful utilization by the public of other marine and estuarine resources. Other public uses which may be considered include, but are not limited to, navigation, fishing, and recreation.
- (3) The operation of a marine aquaculture operation in the leased area will not unreasonably interfere upon the rights of riparian owners.
- (4) The area leased must not include an area designated for inclusion in the Department's Shellfish Management Program.
- (5) The area leased must not include an area that the State Health Director has recommended be closed to shellfish harvest by reason of pollution.
- (6) The marine aquaculture operation would not unreasonably interfere with public access and use of waters of the State, taking into account the potential economic impact of the operation.
- (7) Aquaculture use of the leased area must not significantly impair navigation.
- (8) The leased area must not be within a navigation channel marked or maintained by a State or federal agency.
- (9) The leased area must not be within an area traditionally used and available for significant levels of fishing or hunting activities incompatible with the activities proposed by the leaseholder, such as trawling or seining.
- (10) Aquaculture use of the leased area must not significantly interfere with the exercise of riparian rights by adjacent property owners, including access to navigation channels from piers or other means of access.

(b) The Secretary may delete any part of an area proposed for lease or may condition a lease to protect the public interest with respect to the factors enumerated in subsection (a) of this section. The Secretary shall enter into memoranda of agreement with the United States Army Corps of Engineers or any other appropriate State or federal regulatory agencies to provide for appropriate standards and markings for marine aquaculture structures to avoid impairment of navigation.

(c) No person, including a corporate entity or single family unit, may acquire and hold by lease, lease renewal, or purchase more than 1,500 acres under marine aquaculture leases. No individual lease may exceed 100 acres. For purposes of this subsection, the number of acres of leases held by a person includes acres held by a corporation in which the person holds an interest.

(d) Any person desiring to apply for a lease must make written application to the Secretary on forms prepared by the Department containing such information as deemed necessary to determine the desirability of granting or not granting the lease requested. Except in the case of renewal leases, the application must be accompanied by a map or diagram made at the expense of the applicant, showing the area proposed to be leased.

(e) The map or diagram must conform to standards prescribed by the Secretary concerning accuracy of map or diagram and the amount of detail that must be shown. If, on the basis of the application information and map or diagram, the Secretary deems that granting the

lease would benefit the marine aquaculture industry of North Carolina, the Secretary must order an investigation of the area proposed to be leased. The investigation is to be made by the Secretary or the Secretary's authorized agent to determine whether the area proposed to be leased is consistent with the standards in subsection (a) of this section. In the event the Secretary finds the application inconsistent with the applicable standards, the Secretary shall deny the application or propose that a conditional lease be issued that is consistent with the applicable standards. In the event the Secretary authorizes amendment of the application, the applicant must furnish a new map or diagram meeting requisite standards showing the area proposed to be leased under the amended application. At the time of making an application for an initial lease, the applicant must pay a filing fee of two hundred dollars (\$200.00).

(f) The area proposed to be leased must be as compact as possible, taking into consideration the shape of the body of water, the consistency of the bottom, and the desirability of separating the boundaries of a leasehold by a sufficient distance from any other marine aquaculture operations or shellfish leases.

(g) Within 60 days after receipt of an application that complies with subsection (e) of this section, the Secretary shall notify the applicant of the intended action on the lease application. If the intended action is approval of the application as submitted, or approval with a modification to which the applicant agrees, the Secretary shall conduct a public hearing in the county where the proposed leasehold lies. The Secretary must publish at least two notices of the intention to lease in a newspaper of general circulation in the county in which the proposed leasehold lies. The first publication must precede the public hearing by more than 20 days; the second publication must follow the first by seven to 11 days. The notice of intention to lease must contain a description of the area of the proposed leasehold sufficient to establish its boundaries with reasonable ease and certainty and must also contain the date, hour, and place of the hearing.

(h) After consideration of the public comment received and any additional investigations the Secretary orders to evaluate the comments, the Secretary shall notify the applicant in person or by certified or registered mail of the decision on the lease application. The Secretary shall also notify persons who submitted comments at the public hearing and requested notice of the lease decision. An applicant who is dissatisfied with the Secretary's decision or another person aggrieved by the decision may commence a contested case by filing a petition under G.S. 150B-23 within 20 days after receiving notice of the Secretary's decision. In the event the Secretary's decision is a modification to which the applicant agrees, the lease applicant must furnish an amended map or diagram before the lease can be issued by the Secretary.

(i) After a lease application is approved by the Secretary, the applicant shall submit to the Secretary information sufficient to define the bounds of the area approved for leasing with markers in accordance with the rules of the Commission. The information shall conform to standards prescribed by the Secretary concerning accuracy of survey and the amount of detail to be shown. When information is submitted, the boundaries are marked and all fees and rents due in advance are paid, the Secretary shall execute the lease on forms approved by the Attorney General. The Secretary is authorized, with the approval of the lessee, to amend an existing lease by reducing the area under lease or by combining contiguous leases without increasing the total area leased.

(j) Initial leases begin upon the issuance of the lease by the Secretary and expire at noon on the first day of July following the twentieth anniversary of the granting of the lease. Renewal leases are issued for a period of 20 years from the time of expiration of the previous lease. At the time of making application for renewal of a lease, the applicant must pay a filing fee of one hundred dollars (\$100.00). The rental for initial leases and renewed leases is two hundred ten dollars (\$210.00) per acre, per year. Rental must be paid annually in advance prior

to the first day of April each year. Upon initial granting of a lease, the pro rata amount for the portion of the year left until the first day of July must be paid in advance at the rate of two hundred ten dollars (\$210.00) per acre, per year; then, on or before the first day of April next, the lessee must pay the rental for the next full year.

(k) Except as otherwise restricted by this Article, leaseholds granted under this section are to be treated as if they were real property and are subject to all laws relating to taxation, sale, devise, inheritance, gift, seizure and sale under execution or other legal process, and the like. Leases properly acknowledged and probated are eligible for recordation in the same manner as instruments conveying an estate in real property. Within 30 days after transfer of beneficial ownership of all or any portion of or interest in a leasehold to another, the new owner must notify the Secretary of such fact. Such transfer is not valid until notice is furnished to the Secretary.

(l) Upon receipt of notice by the Secretary of any of the following occurrences, the Secretary must commence action to terminate the leasehold:

- (1) Failure to pay the annual rent in advance.
- (2) Failure to file information required by the Secretary upon annual remittance of rental or filing false information on the form required to accompany the annual remittance of rental.
- (3) Failure by new owner to report a transfer of beneficial ownership of all, or any portion of, or interest in the leasehold.
- (4) Failure to mark the boundaries in the leasehold and to keep them marked as required in the rules of the Marine Fisheries Commission.
- (5) Failure to utilize the leasehold on a continuing basis for marine aquaculture purposes, except if marine aquaculture activities under the lease are suspended as a part of a disease or biosecurity plan.

(m) In the event the leaseholder takes steps within 30 days to remedy the situation upon which the notice of intention to terminate was based, and the Secretary is satisfied that continuation of the lease is in the best interests of the shellfish culture of the State, the Secretary may discontinue termination procedures. Where there is no discontinuance of termination procedures, the leaseholder may initiate a contested case by filing a petition under G.S. 150B-23 within 30 days of receipt of notice of intention to terminate. Where the leaseholder does not initiate a contested case, or the final decision upholds termination, the Secretary must send a final letter of termination to the leaseholder. The final letter of termination may not be mailed sooner than 30 days after receipt by the leaseholder of the Secretary's notice of intention to terminate, or of the final agency decision, as appropriate. The lease is terminated effective at midnight on the day the final notice of termination is served on the leaseholder. The final notice of termination may not be issued pending hearing of a contested case initiated by the leaseholder.

Service of any notice required in this subsection may be accomplished by certified mail, return receipt requested; personal service by any law enforcement officer; or upon the failure of these two methods, publication. Service by publication shall be accomplished by publishing such notices in a newspaper of general circulation within the county where the lease is located for at least once a week for three successive weeks and by posting the notices on the Commission's Web site. The format for notice by publication shall be approved by the Attorney General.

(n) Upon final termination of any leasehold, the leased area in question is thrown open to the public for use in accordance with laws and rules governing use of public grounds generally. Within 30 days of final termination of the leasehold, the former leaseholder shall remove all abandoned markers denominating the area of the leasehold. The State may, after 10 days' notice to the owner of the abandoned markers thereof, remove the abandoned structure

and have the area cleaned up. The cost of such removal and cleanup shall be payable by the owner of the abandoned markers and the State may bring suit to recover the costs thereof.

(o) Every year between January 1 and February 15, the Secretary must mail to all leaseholders a notice of the annual rental due and include forms designed by the Secretary for determining the amount of harvest gathered. Such forms may contain other pertinent questions relating to the utilization of the leasehold in the best interests of the aquaculture industry of the State and must be executed and returned by the leaseholder with the payment of the leaseholder's rental. Any leaseholder or the leaseholder's agent executing such forms for the leaseholder who knowingly makes a false statement on such forms is guilty of a Class 1 misdemeanor. (2017-190, s. 1.)