

NORTH CAROLINA GENERAL ASSEMBLY



JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES

REPORT TO THE 2016 SESSION of the 2015 GENERAL ASSEMBLY OF NORTH CAROLINA

APRIL 12, 2016

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TRANSMITTAL LETTER

April 12, 2016

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TO THE MEMBERS OF THE 2016 REGULAR SESSION
OF THE 2015 GENERAL ASSEMBLY

**The JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON AGRICULTURE
AND NATURAL AND ECONOMIC RESOURCES, respectfully submits the
following report to the 2016 Regular Session of the 2015 General Assembly.**



Sen. Brent Jackson (Co-Chair)



Rep. Pat McElraft (Co-Chair),
Rep. Roger West (Co-Chair)

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COMMITTEE PROCEEDINGS

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The Committee on Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources met four times after the 2015 Regular Session. The following is a brief summary of the Committee's proceedings. Detailed minutes and information from each Committee meeting are available in the Legislative Library.

The first meeting of the Committee on Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources (Committee) was held on Tuesday January 12, 2016 at 1:00 p.m. in Room 544 of the Legislative Office Building. Senator Brent Jackson presided.

Senator Brent Jackson gave opening comments and recognized Mr. Jeff Cherry, Committee Counsel, Bill Drafting, to read and explain the Committee's charge.

The following agencies gave the Committee agency overviews and reports on departmental budget pressures: Mr. Gordon Myers, Executive Director Wildlife Resources Commission (WRC); Mr. David Smith, Chief Deputy Commissioner and Ms. Joy Hicks, Policy Development Analyst, Department of Agriculture and Consumer Services (DACS); Commissioner Cherie Berry, Department of Labor, and Ms. Jennifer Haigwood, Director of Administration & Governmental Affairs, Department of Labor (DOL); Secretary John Skvarla, Department of Commerce (DOC); Mr. Matthew Dockham, Director of Legislative Affairs, Department of Environmental Quality (DEQ); and Ms. Karin Cochran, Chief Deputy Secretary, Department of Natural and Cultural Resources (DNCR).

Mr. Myers, WRC, said that WRC oversees 2,000,000+ acres of public game lands, 500,000 acres of game lands owned by WRC, and 1.6 million acres managed through a cooperative agreement. Many game lands in the west are federal national forest lands managed by WRC. Appropriations are now the third-largest source of WRC funding: federal is 31%, license fees is 26%, and appropriations is 14%. Expenditures have exceeded revenues in recent years at North Carolina General Assembly's direction to reduce cash balances. Since 2009, general fund support was reduced by 55%.

Mr. David Smith, DACS, discussed budget pressures, meat and poultry inspectors, and the problems inspectors are dealing with. State inspectors are paid very low compared to what the U.S. Department of Agriculture pays. There are 12,000+ firms inspected by 26 food inspectors.

Ms. Jennifer Haigwood and Commissioner Berry discussed DOL's total budget (\$32.5 million), the Occupation Safety & Health division, and information technology costs after departmental consolidation.

Secretary Skvarla explained that DOC's budget is directed by the North Carolina General Assembly. Secretary Skvarla said that 6% of the budget is left over from North Carolina General Assembly appropriations. DOC was \$425,000 short for 2015-16 fiscal year.

Mr. Dockam discussed DEQ's divisions, funding sources, and current operation needs.

Ms. Karin Cochran, Chief Deputy Secretary, DNCR and Mr. Matthew Dockham, Director of Legislative Affairs, DEQ, gave an update on the transfer of DEQ's natural resource divisions to DNCR. Ms. Cochran discussed DNCR's vision and mission and the inventory DNCR oversees. Ms. Cochran said that DNCR is strategically focused on education, economic development and efficiency. Ms. Cochran explained the new organizational chart and divisions. Ms. Cochran discussed DNCR's budget and needs.

The second meeting of the Committee on Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources (Committee) was held on Monday February 22, 2016 at 1:00 p.m. in the Debnam-Hunt Board Room, Tryon Palace, New Bern, North Carolina. Senator Brent Jackson presided.

Senator Brent Jackson gave opening comments.

Mr. Mike Murphy, Director Division of Parks and Recreation, Department of Natural and Cultural Resources (DNCR) gave an update on the planned activities for the Park's 100th Anniversary. Mr. Murphy discussed the centennial anniversary of the creation of the North Carolina State Parks system, the number of parks and acreage in the current system, and visitation rates.

Mr. Murphy discussed opportunities for the State Parks System, including promoting tourism, encouraging interagency cooperation, attracting new visitors, showcasing programs and events, and broadening volunteer and donor base.

Mr. Murphy discussed the Centennial Celebration's budget, publicity and promotion, events, exhibits, sponsorship opportunities, and goals.

Mr. Keith Warner, State Chief Information Officer, Department of Information Technology, gave an update on recent legislative and information technology changes.

Dr. Pat Mitchell, Director of Rural Economic Development Division, Department of Commerce and Ms. Kim Colson, Director Division of Water Infrastructure, Department of Environmental Quality gave an update on the creation of the Division of Rural and Economic Development and Water Infrastructure.

Dr. Mitchell and Ms. Colson discussed the creation the Division, current budget and staff, services provided, building reuse, public infrastructure, community support, special projects, and future areas of opportunity. They discussed economic advancement,

planning, and community support. They gave an overview of the Division's programs and special projects.

Ms. Beth Wood, State Auditor, and Ms. Stephanie Oxley, Executive Director Agricultural Finance Authority, Office of the State Auditor, gave a presentation on the agricultural finance authority audit findings and the agency's response. They discussed the Authority's mission statement, operating procedures, programs offered, qualifications for farmers, tax exempt agricultural developmental bonds, cash management, agency activity, and future growth.

The third meeting of the Committee on Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources (Committee) was held on Tuesday March 8, 2016 at 1:00 p.m. in the MARBIONC Building Conference Room, UNC-Wilmington Crest Research Park, Wilmington, North Carolina. Senator Brent Jackson presided.

Ms. Ami Wilbur, Director, UNC-W Shellfish Hatchery and Associate Professor University of North Carolina Wilmington; Mr. Jay Styron, President, North Carolina Shellfish Growers Association; and Mr. Steve Murphey, Section Chief, Resource Enhancement Section, Division of Marine Fisheries (DMF), Department of Environmental Quality (DEQ), gave a tour of the Shellfish Research Hatchery and Update on Use of Funds.

Mr. Steve Murphey, DEQ, gave a presentation on the shellfish Aquaculture Plan Report. Mr. Murphey discussed how to best to spend resources to counter declining oyster populations and habitats, including the implementation of the 10-year plan outlined in the Jean Preston report and the ecologically sound and cost-effective use of nonnative oyster species to accomplish oyster restoration. Mr. Murphey discussed measures to address oyster disease and harvesting practices to balance the needs of the industry and promote long-term viability and health of oyster habitat and substrates.

Mr. Murphey explained how the State can promote and encourage economic aquaculture methods to improve oyster stock and populations. Mr. Murphey discussed long-term funding sources and water quality improvements and options to expand private hatchery capacity and promote the use of cultch planting.

Mr. Garry Wright, Biologist Supervisor, Resource Enhancement Section, DMF, DEQ, gave a presentation on Senator Jean Preston Oyster Sanctuary Network and Plan. Mr. Wright discussed the location and delineation of oyster sanctuaries, enhancement of oyster habitat, economic relief for shellfish aquaculture, outreach and education, monitoring, and funding.

Mr. Steve Murphey, DEQ, gave a presentation on the Core Sound Report. Mr. Murphey gave a background on the Core Sound Report, the Division's approach, and the Division's recommendations.

Mr. Braxton Davis, Director , Division of Coastal Management, DEQ, gave a presentation on the Beach Erosion Report. Mr. Davis discussed the geography of North Carolina's coast, the tourism the coast generates, and the Division's regulatory structure. Mr. Davis discussed ocean hazard areas, coastal storms, beach erosion, graduated construction setbacks, beach nourishment, temporary erosion control, inlet relocation projects, terminal groins, and recommendations and strategies.

Mr. Tom Fransen, Supervisor, Water Planning Section, Division of Water Resources, DEQ, and Mr. Al Hight, Director, New Hanover Cooperative Extension, gave an update on aquatic weeds. Mr. Fransen and Mr. Hight explained the nature of noxious aquatic weeds, the history of the Aquatic Weed Control Program, and the impacts of aquatic weeds, including how it spreads and the risks associated with it. Mr. Fransen and Mr. Hight discussed the Program's expenditures and needs.

Mr. Tom Fransen, DEQ, gave an update on the Dredging Fund. Mr. Fransen explained why North Carolina needs dredging, the two types of federally authorized inlet projects in North Carolina, other dredging requirements, and funding for dredging.

April 12, 2016

The fourth meeting of the Committee on Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources (Committee) was held on Tuesday, April 12, 2016 at 1:00 p.m. in the Stedman Education Center, Asheboro Zoo, Asheboro, North Carolina. Representative McElraft presided. The Committee adopted this report.

COMMITTEE MEMBERSHIP

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2015-2016

President Pro Tempore of the Senate
Appointments:

Sen. Brent Jackson (Co-Chair)

Sen. John M. Alexander, Jr.
Sen. Angela R. Bryant
Sen. Bill Cook
Sen. Tom McInnis
Sen. Norman W. Sanderson

Speaker of the House of Representatives
Appointments:

Rep. Pat McElraft (Co-Chair),
Rep. Roger West (Co-Chair)

Rep. William D. Brisson (Vice-Chair)
Rep. Bob Steinburg (Vice-Chair)
Rep. George G. Cleveland
Rep. Jimmy Dixon
Rep. James H. Langdon, Jr. (Advisory Member)
Rep. Chuck McGrady (Advisory Member)
Rep. Allen McNeill (Advisory Member)
Rep. Dennis Riddell (Advisory Member)
Rep. Phil Shepard (Advisory Member)
Rep. Ken Waddell (Advisory Member)
Rep. Sam Watford (Advisory Member)
Rep. Lee Zachary (Advisory Member)

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COMMITTEE CHARGE/STATUTORY AUTHORITY

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CREATE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES

SECTION 15.24. Chapter 120 of the General Statutes is amended by adding a new Article to read:

"Article 36.

"Joint Legislative Oversight Committee on Natural and Economic Resources.

"§ 120-310. Creation and membership of Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources.

(a) The Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources is established. The Committee consists of 12 members as follows:

- (1) Six members of the Senate appointed by the President Pro Tempore of the Senate. At least three of the members shall be members of the Senate appropriations committee that has jurisdiction over the agencies set out in G.S. 120-311(a)(1).
- (2) Six members of the House of Representatives appointed by the Speaker of the House of Representatives. At least three of the members shall be members of the House of Representatives appropriations committee that has jurisdiction over the agencies set out in G.S. 120-311(a)(1).

(b) Terms on the Committee are for two years and begin on the convening of the General Assembly in each odd-numbered year. Members may complete a term of service on the Committee even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Committee.

(c) A member continues to serve until a successor is appointed. A vacancy shall be filled within 30 days by the officer who made the original appointment.

"§ 120-311. Purpose and powers of Committee.

(a) The Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources shall examine on a continuing basis the services provided by the departments and agencies set out in this subsection in order to make ongoing recommendations to the General Assembly on ways to improve the effectiveness, efficiency, and quality of State government services. The Committee has the following powers and duties:

- (1) Study the programs, organization, operations, and policies of the following agencies:
 - a. Department of Agriculture and Consumer Services.
 - b. Department of Environmental Quality.

- c. Department of Natural and Cultural Resources.
 - d. Wildlife Resources Commission.
 - e. Department of Labor.
 - f. Department of Commerce.
 - g. Any other agency under the jurisdiction of the Senate and House of Representatives appropriations committees on agriculture, natural, or economic resources.
- (2) Review compliance of budget actions directed by the General Assembly.
 - (3) Monitor expenditures, deviations, and changes made by the agencies set out in subdivision (1) of this subsection to the certified budget.
 - (4) Review policy changes as directed by law.
 - (5) Receive presentations of reports from agencies directed in the law, including audits, studies, and other reports.
 - (6) Review any issues that arise during the interim period between sessions of the General Assembly and provide a venue for any of these issues to be heard in a public setting.
 - (7) Monitor the quality of services provided by cultural, natural, and economic resources agencies to other agencies and the public.
 - (8) Identify opportunities for cultural, natural, and economic resources agencies to coordinate and collaborate to eliminate duplicative functions.
 - (9) Have presentations and reports on any other matters that the Committee considers necessary to fulfill its mandate.

(b) The Committee may make reports to the General Assembly. A report to the General Assembly may contain legislation needed to implement a recommendation of the Committee.

"§ 120-312. Organization of Committee.

(a) The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate a cochair of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources. The Committee shall meet upon the joint call of the cochairs.

(b) A quorum of the Committee is five members. No action may be taken except by a majority vote at a meeting at which a quorum is present. While in the discharge of its official duties, the Committee has the powers of a joint committee under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4.

(c) Members of the Committee shall receive subsistence and travel expenses as provided in G.S. 120-3.1. The Committee may contract for consultants or hire employees in accordance with G.S. 120-32.02. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. Upon the direction of the Legislative Services Commission, the Directors of Legislative Assistants of the Senate and of the House of Representatives shall assign clerical staff to the Committee. The expenses for clerical employees shall be borne by the Committee.

(d) The Committee cochairs may establish subcommittees for the purpose of examining issues relating to services provided by particular divisions within the State's cultural, natural, and economic resources departments.

"§ 120-313. Reports to Committee.

Whenever a department, office, or agency set out in G.S. 120-311(a)(1) is required by law to report to the General Assembly or to any of its permanent committees or subcommittees on matters affecting the services the department or agency provides, the department or agency shall transmit a copy of the report to the cochairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources."

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LEGISLATIVE PROPOSALS

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GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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BILL DRAFT 2015-MHz-175 [v.2] (04/11)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
04/11/2016 03:15:23 PM

Short Title: Aquatic Weed Control Clarification.

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO RENAME AND CLARIFY THE USES OF THE SHALLOW DRAFT
3 NAVIGATION CHANNEL DREDGING AND LAKE MAINTENANCE FUND, AS
4 RECOMMENDED BY THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE
5 ON AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES.
6 The General Assembly of North Carolina enacts:
7 **SECTION 1.** Part 8B of Article 21 of Chapter 143 of the General Statutes
8 reads as rewritten:
9 "Part 8B. Shallow Draft Navigation Channel and Lake Dredging Fund.
10 **§ 143-215.73F. Shallow Draft Navigation Channel Dredging and Lake**
11 **MaintenanceAquatic Weed Fund.**
12 (a) Fund Established. – The Shallow Draft Navigation Channel Dredging and
13 ~~Lake Maintenance~~Aquatic Weed Fund is established as a special revenue fund. The Fund
14 consists of fees credited to it under G.S. 75A-3 and G.S. 75A-38, taxes credited to it
15 under G.S. 105-449.126, and funds contributed by non-State entities.
16 (b) Uses of Fund. – Revenue in the Fund may only be used for the following
17 purposes:
18 (1) To provide the State's share of the costs associated with any dredging
19 project designed to keep shallow draft navigation channels located in
20 State waters or waters of the state located within lakes navigable and
21 safe.

1 (2) For aquatic weed control projects in waters of the State located within
2 lakes under Article 15 of Chapter 113A of the General Statutes.
3 Funding for aquatic weed control projects is limited to five hundred
4 thousand dollars (\$500,000) in each fiscal year.
5

...."

6 **SECTION 2.(a)** G.S. 75A-3(c) reads as rewritten:

7 "(c) The Boating Account is established within the Wildlife Resources Fund
8 created under G.S. 143-250. Interest and other investment income earned by the Account
9 accrues to the Account. All moneys collected pursuant to the numbering and titling
10 provisions of this Chapter shall be credited to this Account. Motor fuel excise tax revenue
11 is credited to the Account under G.S. 105-449.126. The Commission shall use revenue in
12 the Account, subject to the Executive Budget Act and the Personnel Act, for the
13 administration and enforcement of this Chapter; for activities relating to boating and
14 water safety including education and waterway marking and improvement; and for
15 boating access area acquisition, development, and maintenance. The Commission shall
16 use at least three dollars (\$3.00) of each one-year certificate of number fee and at least
17 nine dollars (\$9.00) of each three-year certificate of number fee collected under the
18 numbering provisions of G.S. 75A-5 for boating access area acquisition, development,
19 and maintenance. The Commission shall transfer on a quarterly basis fifty percent (50%)
20 of each one-year certificate of number fee and fifty percent (50%) of each three-year
21 certificate of number fee collected under the numbering provisions of G.S. 75A-5 to the
22 Shallow Draft Navigation Channel Dredging and ~~Lake Maintenance~~Aquatic Weed Fund
23 established by G.S. 143-215.73F."

24 **SECTION 2.(b)** G.S. 75-38(b) reads as rewritten:

25 "(b) The Commission shall charge a fee of thirty dollars (\$30.00) to issue a new or
26 transfer certificate of title. The Commission shall transfer on a quarterly basis at least ten
27 dollars (\$10.00) of each new or transfer certificate of title to the Shallow Draft
28 Navigation Channel Dredging and ~~Lake Maintenance~~Aquatic Weed Fund established by
29 G.S. 143-215.73F. The Commission shall charge a fee of ten dollars (\$10.00) for each
30 duplicate title it issues and for the recording of a supplemental lien."

31 **SECTION 2.(c)** G.S. 105-449.126 reads as rewritten:

32 "**§ 105-449.126. Distribution of part of Highway Fund allocation to Wildlife**
33 **Resources Fund and Shallow Draft Navigation Channel Dredging and**
34 **~~Lake Maintenance~~Aquatic Weed Fund.**

35 ...

36 (b) The Secretary shall credit to the Shallow Draft Navigation Channel Dredging
37 and ~~Lake Maintenance~~Aquatic Weed Fund one percent (1%) of the amount that is
38 allocated to the Highway Fund under G.S. 105-449.125 and is from the excise tax on
39 motor fuel. Revenue credited to the Shallow Draft Navigation Channel Dredging and
40 ~~Lake Maintenance~~Aquatic Weed Fund under this section may be used only for the
41 dredging activities described in G.S. 143-215.73F. The Secretary shall credit revenue to
42 the Shallow Draft Navigation Channel Dredging and ~~Lake Maintenance~~Aquatic Weed
43 Fund on a quarterly basis. The Secretary must make the distribution within 45 days of the
44 end of each quarter."

45 **SECTION 3.** This act becomes effective July 1, 2016.