

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** House Bill 1028 (6th Edition)

**SHORT TITLE:** Erosion Control Structures

**SPONSOR(S):** Representatives K. Williams and Justus, et al.

<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>					
Riprap GP Fees	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Riprap CAMA Major Fees	(\$425)	(\$425)	(\$425)	(\$425)	(\$425)
Bulkhead GP Fees	(\$1,300)	(\$1,300)	(\$1,300)	(\$1,300)	(\$1,300)
Bulkhead CAMA Major Fees	<u>(\$1,625)</u>	<u>(\$1,625)</u>	<u>(\$1,625)</u>	<u>(\$1,625)</u>	<u>(\$1,625)</u>
Net Impact on Revenues	(\$1,350)	(\$1,350)	(\$1,350)	(\$1,350)	(\$1,350)
<b>EXPENDITURES</b>					
			No impact expected		
<b>POSITIONS: (cumulative)</b>	-	-	-	-	-
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Department of Environment and Natural Resources (DENR), Coastal Management Division, Coastal Resources Commission					
<b>EFFECTIVE DATE:</b> When the legislation becomes law.					

**BILL SUMMARY:** This legislation authorizes the Coastal Resources Commission to adopt temporary and permanent rules to establish a general permit for the construction of riprap sills for wetland enhancement and shoreline protection of estuarine and public trust waters. The authorization to adopt temporary rules shall continue in effect until July 1, 2004. Section 2 establishes a fee of \$100 for a general permit issued pursuant to temporary rules. Section 3 prohibits the construction of a permanent erosion control structure in an ocean shoreline. The prohibition does not apply to those structures approved pursuant to an exception set out in a rule adopted by the Commission prior to July 1, 2003, and those structures protecting inlets originally constructed prior to July 1, 1974, and that have since been in continuous use to protect an inlet that is maintained for navigation.

**ASSUMPTIONS AND METHODOLOGY:** There are three approved methods for stabilizing estuarine shorelines: 1) planting vegetation, 2) constructing stone ripraps or revetments, and 3) constructing bulkheads. The latter two methods require a permit. Currently, a general permit is only available for bulkhead construction; parties that wish to construct riprap sills must obtain a permit through the Coastal Area Management Act (CAMA) Major permit or blanket CAMA Major permit process.

If the Coastal Resource Commission adopts rules for a general permit for riprap construction, the Division of Coastal Management (DCM) estimates that it will issue approximately twenty such permits per year. Under temporary rules, each of these permit applicants would be charged \$100, generating revenue of \$2,000.

Riprap projects meeting specific requirements would no longer have to apply for a permit under the CAMA Major or blanket CAMA Major permit process. During the past three years, DCM has issued an average of two CAMA Major permits and two blanket CAMA Major permits per year for riprap construction. This fiscal note assumes that an average of two projects per year would be eligible to apply for the general permit rather than one of the CAMA Major permits, resulting in a revenue loss of approximately \$425. (A CAMA Major permit costs \$325 on average, and a blanket CAMA Major permit costs \$100.)

Furthermore, since riprap is an alternative method to bulkheads, the Department believes that this legislation would not result in a net increase in the number of permits issued for stabilizing estuarine shorelines. Rather for each additional general riprap permit issued, there would likely be one less bulkhead permit issued. DCM estimates that approximately thirteen fewer general permits and five fewer CAMA major permits for bulkhead construction would be issued each year. Currently, the fee for a bulkhead general permit is \$100; CAMA major permits for bulkhead construction average \$325 each. Consequently, DCM would collect approximately \$2,925 less in bulkhead permit fees.

Table A compares the revenue generated under the current permit rules and the rules proposed under this legislation. Since the total number of permits for stabilizing shorelines is not expected to increase, *this legislation would have a nominal impact on revenues.*

**Table A: Revenue Comparison**

Permit	Current rules			Proposed rules		
	Unit Price	# of permits	Revenue Generated	Unit Price	# of permits	Revenue Generated
General permit for bulkhead construction	\$100	650	\$65,000	\$100	637	\$63,700
Bulkhead CAMA Major permit	\$325	50	\$16,250	\$325	45	\$14,625
Riprap CAMA Major/Blanket permit	\$325	2	\$650	\$325	1	\$325
Blanket CAMA Major permit for riprap	\$100	2	\$200	\$100	1	\$100
General permits for riprap construction	\$0	0	\$0	\$100	20	\$2,000
<b>Total</b>		<b>704</b>	<b>\$82,100</b>		<b>704</b>	<b>\$80,750</b>

**Expenditures:** The DCM believes that the low number of riprap general permit applications anticipated could be handled with current resources and that this legislation would not require additional expenditures.

**SOURCES OF DATA:** DENR, Division of Coastal Management

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

**PREPARED BY:** Jennifer Haygood

**APPROVED BY:** James D. Johnson, Director, Fiscal Research Division

**DATE:** July 10, 2003



**Signed Copy Located in the NCGA Principal Clerk's Offices**