

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 1322*

Short Title: Beach Renourish/Reserve Funds.

(Public)

Sponsors: Representatives Redwine, Watson, Gulley, Mosley, Owens, Preston, Rayfield; Smith, Hill, and Warwick.

Referred to: Environment, if favorable, Appropriations.

May 19, 1998

A BILL TO BE ENTITLED

1
2 **AN ACT TO ESTABLISH THE BEACH RENOURISHMENT FUND, TO ESTABLISH**
3 **THE TRUSTEES OF THE FUND, TO RESERVE FIVE PERCENT OF THE**
4 **UNRESERVED CREDIT BALANCE IN THE GENERAL FUND AT THE END OF**
5 **EACH FISCAL YEAR TO THE BEACH RENOURISHMENT FUND, AND TO**
6 **MAKE CONFORMING STATUTORY CHANGES.**

7 Whereas, North Carolina has some of the most pristine and unique beaches in
8 the country; and

9 Whereas, the balance of economic development and the quality of life in this
10 State has made North Carolina's coast one of the most desirable along the Atlantic
11 Seaboard; and

12 Whereas, North Carolina's beaches are vital to the State's tourism industry; and

13 Whereas, North Carolina's beaches belong to all of the State's citizens and
14 provide recreational and economic benefits to all the State's citizens; and

15 Whereas, the Atlantic Seaboard is vulnerable to hurricanes and other storms,
16 and it is prudent to take precautions such as beach renourishment that help protect and
17 conserve the State's beaches and that help limit storm damage and flooding; and

1 Whereas, beach renourishment as an erosion control method is sound, provides
2 hurricane flood protection, enhances the attractiveness of the beaches to tourists, and also
3 provides additional beach access; and

4 Whereas, beach renourishment projects such as those in Wrightsville Beach
5 and Carolina Beach have been very successful and assisted greatly in helping those areas
6 weather Hurricane Fran; and

7 Whereas, beach renourishment is encouraged by both the Coastal Resources
8 Commission and the U.S. Army Corps of Engineers as a method to control beach erosion;
9 Now, therefore,

10 The General Assembly of North Carolina enacts:

11 Section 1. Article 1 of Chapter 143 of the General Statutes is amended by
12 adding a new section to read:

13 **"§ 143-15.3D. Funds reserved to the Beach Renourishment Fund.**

14 (a) The Beach Renourishment Fund is established in G.S. 113-146.1. The State
15 Controller shall reserve to the Beach Renourishment Fund five percent (5%) of any
16 unreserved credit balance remaining in the General Fund at the end of each fiscal year.

17 (b) The funds in the Beach Renourishment Fund shall be used only in accordance
18 with Article 13B of Chapter 113 of the General Statutes."

19 Section 2. G.S. 143-15.2 reads as rewritten:

20 **"§ 143-15.2. Use of General Fund credit balance; priority uses.**

21 (a) As used in G.S. 143-15.3, 143-15.3A, ~~and 143-15.3B,~~ and 143-15.3D, the term
22 "unreserved credit balance" means the credit balance amount, as determined on a cash
23 basis, before funds are reserved by the State Controller to the Savings Reserve Account,
24 the Repairs and Renovations Reserve Account, the Clean Water Management Trust Fund
25 Fund, or the Beach Renourishment Fund pursuant to G.S. 143-15.3, 143-15.3A, ~~and 143~~
26 ~~15.3B.~~ 143-15.3B, and 143-15.3D.

27 (b) The State Controller shall transfer funds from the unreserved credit balance to
28 the Savings Reserve Account in accordance with G.S. 143-15.3(a).

29 (c) The State Controller shall transfer funds from the unreserved credit balance to
30 the Repairs and Renovation Reserve Account in accordance with G.S. 143-15.3A(a).

31 (d) The State Controller shall transfer funds from the unreserved credit balance to
32 the Clean Water Management Trust Fund in accordance with G.S. 143-15.3B(a).

33 (d1) The State Controller shall transfer funds from the unreserved credit balance to
34 the Beach Renourishment Fund in accordance with G.S. 143-15.3D(a).

35 (e) The General Assembly may appropriate that part of the anticipated General
36 Fund credit balance not expected to be reserved only for capital improvements or other
37 one-time expenditures."

38 Section 3. G.S. 143-15.3(a) reads as rewritten:

39 "(a) There is established a Savings Reserve Account as a restricted reserve in the
40 General Fund. The State Controller shall reserve to the Savings Reserve Account one-
41 fourth of any unreserved credit balance remaining in the General Fund at the end of each
42 fiscal year until the account contains funds equal to five percent (5%) of the amount
43 appropriated the preceding year for the General Fund operating budget, including local

1 government tax-sharing funds, that were directly appropriated. In the event that the one-
2 fourth exceeds the amount necessary to reach the five percent (5%) level, only funds
3 necessary to reach that level shall be reserved. If there are insufficient funds in the
4 unreserved credit balance for the Savings Reserve Account, the Repairs and Renovations
5 Reserve Account, ~~and the Clean Water Management Trust Fund, and the Beach~~
6 Renourishment Fund, then the requirements of this section shall be complied with first,
7 and any remaining funds shall be reserved to the Repairs and Renovations Reserve
8 Account, in accordance with G.S. 143-15.3A, ~~and the Clean Water Management Trust~~
9 Fund, in accordance with G.S. 143-15.3B. G.S. 143-15.3B, and the Beach Renourishment
10 Fund in accordance with G.S. 143-15.3D."

11 Section 4. Chapter 113 of the General Statutes is amended by adding a new
12 Article to read:

13 "ARTICLE 13B.

14 "Beach Renourishment Fund.

15 **"§ 113-146. Definitions.**

16 The following definitions apply in this Article:

17 (1) Fund. – The Beach Renourishment Fund created pursuant to this
18 Article.

19 (2) Trustees. – The trustees of the Beach Renourishment Fund.

20 **"§ 113-146.1. Beach Renourishment Fund: established; purpose.**

21 (a) Fund Established. – There is established a Beach Renourishment Fund in the
22 Department of State Treasurer that shall be used to provide grants to beach communities
23 for beach renourishment in accordance with this Article.

24 (b) Fund Earnings, Assets, and Balances. – The State Treasurer shall hold the
25 Fund separate and apart from all other moneys, funds, and accounts. Investment earnings
26 credited to the assets of the Fund shall become part of the Fund. Any balance remaining
27 in the Fund at the end of any fiscal year shall be carried forward in the Fund for the next
28 succeeding fiscal year. Payments from the Fund shall be made on the warrant of the Chair
29 of the Board of Trustees.

30 **"§ 113-146.2. Beach Renourishment Fund: eligibility for grants; matching funds**
31 **requirement.**

32 (a) Eligible Grant Applicants. – Any local government or other political
33 subdivision of the State or a combination of such entities is eligible to apply for a grant
34 from the Fund for the purpose of beach renourishment.

35 (b) Grant Matching Requirement. – The Board of Trustees shall establish
36 matching requirements for grants awarded under this Article. The Board of Trustees shall
37 require a match of up to ten percent (10%) of the amount of the grant awarded.

38 **"§ 113-146.3. Beach Renourishment Fund: Board of Trustees established;**
39 **membership qualifications; vacancies; meetings and meeting facilities.**

40 (a) Board of Trustees Established. – There is established the Beach Renourishment
41 Fund Board of Trustees. The Beach Renourishment Fund Board of Trustees shall be
42 independent, but for administrative purposes shall be located under the Department of
43 Environment and Natural Resources.

1 **(b) Membership.** – The Beach Renourishment Fund Board of Trustees shall be
2 composed of nine members. Three members shall be appointed by the Governor, three by
3 the General Assembly upon the recommendation of the President Pro Tempore of the
4 Senate in accordance with G.S. 120-121, and three by the General Assembly upon the
5 recommendation of the Speaker of the House of Representatives in accordance with G.S.
6 120-121. The office of trustee is declared to be an office that may be held concurrently
7 with any other executive or appointive office, under the authority of Article VI, Section
8 9, of the North Carolina Constitution.

9 Persons appointed shall be knowledgeable in one of the following areas:

10 (1) Beach renourishment.

11 (2) Coastal wildlife and fisheries habitats and resources.

12 (3) Environmental management.

13 **(c) Initial Appointments.** – Each appointing officer shall designate one of the
14 officer's initial appointments to serve a two-year term, one to serve a four-year term, and
15 one to serve a six-year term. Thereafter, all appointments shall be for four years, subject
16 to reappointment. All initial appointments shall be made on or before January 1, 1999.
17 The Governor shall appoint one trustee to serve as Chair of the Board.

18 **(d) Vacancies.** – If a vacancy occurs, other than by the expiration of term, of a
19 member subject to appointment by the General Assembly upon the recommendation of
20 the Speaker of the House of Representatives or the President Pro Tempore of the Senate,
21 the vacancy shall be filled in accordance with G.S. 120-122. All other vacancies shall be
22 filled by the appointing official in the original manner.

23 **(e) Frequency of Meetings.** – The trustees shall meet at least twice each year and
24 may hold special meetings at the call of the Chair or a majority of the members.

25 **(f) Per Diem and Expenses.** – The trustees shall receive per diem and necessary
26 travel and subsistence expenses in accordance with the provisions of G.S. 138-5. Per
27 diem, subsistence, and travel expenses of the trustees shall be paid from the Fund.

28 **(g) Staff and Meeting Facilities.** – The Secretary of the Department of
29 Environment and Natural Resources shall provide staff and meeting facilities for the
30 Board of Trustees as requested by the Chair.

31 **"§ 113-146.4. Beach Renourishment Fund Board of Trustees: powers and duties.**

32 **(a) Allocate Grant Funds.** – The trustees shall allocate moneys from the Fund as
33 grants. A grant may be awarded only for a project or activity that satisfies the criteria and
34 further the purposes of this Article.

35 **(b) Develop Grant Criteria.** – The trustees shall develop criteria for awarding
36 grants under this Article. The criteria developed shall include the following:

37 (1) The significant enhancement and conservation of coastal beaches in the
38 State.

39 (2) The specific areas targeted as being in need of beach renourishment.

40 (3) The geographic distribution of funds as appropriate.

41 (4) The significant recreational or economic value and uses of the area.

42 (5) The availability of public access including handicapped access to the
43 beach.

1 (6) The application for a beach renourishment project shall have complete
2 planning and design work adequate to provide project specifications,
3 cost estimates, review of environmental impacts, and estimation of
4 benefits. The trustees may make grants to potential applicants of up to
5 fifty percent (50%) of the cost of the necessary planning and design
6 work to prepare applications.

7 (c) Develop Additional Guidelines. – The trustees may develop guidelines in
8 addition to the grant criteria consistent with and as necessary to implement this Article.

9 (d) Rule-Making Authority. – The trustees may adopt rules to implement this
10 Article. Chapter 150B of the General Statutes applies to the adoption of rules by the
11 trustees.

12 (e) The Chair of the trustees shall report to the Environmental Review
13 Commission beginning November 1, 1998, and annually thereafter on implementation of
14 this section. A written copy of the report shall also be sent to the Fiscal Research
15 Division of the General Assembly beginning November 1, 1998, and annually thereafter
16 on implementation of this Article."

17 Section 5. This act is effective when it becomes law.