

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

1

SENATE BILL 1265*

Short Title: Beach Renourish/Reserve Funds.

(Public)

Sponsors: Senator Ballantine.

Referred to: Agriculture/Environment/Natural Resources.

May 27, 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.**

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

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

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

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

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

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

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

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

The General Assembly of North Carolina enacts:

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

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

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

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

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

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

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

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

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

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

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

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

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

"(a) There is established a Savings Reserve Account as a restricted reserve in the General Fund. The State Controller shall reserve to the Savings Reserve Account one-fourth of any unreserved credit balance remaining in the General Fund at the end of each fiscal year until the account contains funds equal to five percent (5%) of the amount appropriated the preceding year for the General Fund operating budget, including local government tax-sharing funds, that were directly appropriated. In the event that the one-fourth exceeds the amount necessary to reach the five percent (5%) level, only funds necessary to reach that level shall be reserved. If there are insufficient funds in the

1 unreserved credit balance for the Savings Reserve Account, the Repairs and Renovations
2 Reserve Account, ~~and~~ the Clean Water Management Trust Fund, and the Beach
3 Renourishment Fund, then the requirements of this section shall be complied with first,
4 and any remaining funds shall be reserved to the Repairs and Renovations Reserve
5 Account, in accordance with G.S. 143-15.3A, ~~and~~ the Clean Water Management Trust
6 Fund, in accordance with ~~G.S. 143-15.3B.~~ G.S. 143-15.3B, and the Beach Renourishment
7 Fund in accordance with G.S. 143-15.3D."

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

10 **"ARTICLE 13B.**

11 **"BEACH RENOURISHMENT FUND.**

12 **"§ 113-146. Definitions.**

13 The following definitions apply in this Article:

14 (1) Fund. – The Beach Renourishment Fund created pursuant to this
15 Article.

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

17 **"§ 113-146.1. Beach Renourishment Fund: established; purpose.**

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

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

27 **"§ 113-146.2. Beach Renourishment Fund: eligibility for grants; matching funds**
28 **requirement.**

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

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

35 **"§ 113-146.3. Beach Renourishment Fund: Board of Trustees established;**
36 **membership qualifications; vacancies; meetings and meeting facilities.**

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

41 (b) Membership. – The Beach Renourishment Fund Board of Trustees shall be
42 composed of nine members. Three members shall be appointed by the Governor, three by
43 the General Assembly upon the recommendation of the President Pro Tempore of the

1 Senate in accordance with G.S. 120-121, and three by the General Assembly upon the
2 recommendation of the Speaker of the House of Representatives in accordance with G.S.
3 120-121. The office of trustee is declared to be an office that may be held concurrently
4 with any other executive or appointive office, under the authority of Article VI, Section
5 9, of the North Carolina Constitution.

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

7 (1) Beach renourishment.

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

9 (3) Environmental management.

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

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

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

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

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

28 **§ 113-146.4. Beach Renourishment Fund Board of Trustees: powers and duties.**

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

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

34 (1) The significant enhancement and conservation of coastal beaches in the
35 State.

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

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

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

39 (5) The availability of public access including handicapped access to the
40 beach.

41 (6) The application for a beach renourishment project shall have complete
42 planning and design work adequate to provide project specifications,
43 cost estimates, review of environmental impacts, and estimation of

1 benefits. The trustees may make grants to potential applicants of up to
2 fifty percent (50%) of the cost of the necessary planning and design
3 work to prepare applications.

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

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

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

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