



# HOUSE BILL 121: Clarify EQIP Funding/Dredging Cost-Share.

2021-2022 General Assembly

<b>Committee:</b> Senate Rules and Operations of the Senate	<b>Date:</b> August 5, 2021
<b>Introduced by:</b> Rep. K. Hall	<b>Prepared by:</b> Wendy Ray
<b>Analysis of:</b> Fourth Edition	Staff Attorney

### OVERVIEW: House Bill 121 would do the following:

- Exclude EQIP grants from a 50% match limitation on nonfederal funds for water resource development grants for specific appropriations.
- Exempt dredging projects for ferry channels maintained by DOT that are located in tier one areas from Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund cost-share requirements.
- Extend authorization for the Hatteras-Ocracoke passenger ferry lease through September 12, 2021, and authorize funds for associated costs.

### CURRENT LAW AND BILL ANALYSIS:

Clarify EQIP Funding. S.L. 2020-79 (H1087) appropriated \$30,799,314 in nonrecurring funds to the Division of Water Resources in the Department of Environmental Quality to provide a State match for approximately \$89,396,979 in federal funds for water resources development projects. Funds from previous fiscal years were also carried forward to supplement these funds.

Funds appropriated for a water resources development project by that act and funds appropriated prior to the 2019-2021 fiscal biennium that are unencumbered and proposed to be carried forward are limited to no more than 50% of the nonfederal portion of funds for the project. The limitation on fund usage applies only to projects in which at least one local government participates.

Section 36.3(e) of S.L. 2013-360, Section 36.2(e) of S.L. 2014-100, and Section 31.3(e) of S.L. 2015-241 each apply the same 50% match limitation to water resources development projects funded by appropriations in those acts. (S.L. 2013-360, S.L. 2014-100, and S.L. 2015-241 are the 2013, 2014, and 2015 Appropriations Acts.)

Generally, G.S. 143-215.71(8) allows water resources development grants for projects that are part of the Environmental Quality Incentives Program ("EQIP") to cover 100% of the nonfederal costs of the project. That subdivision was enacted in the 2016 Appropriations Act, S.L. 2016-94.

Section 1 of House Bill 121 would provide that the 50% match limitations do not apply to any water resources development grant awarded for a project that is part of EQIP, including grants awarded pursuant to S.L. 2013-360, S.L. 2014-100, and S.L. 2015-241.

Additionally, the bill would clarify that a single project consists of all landowners and other participants under a project design contract approved by the United States Department of Agriculture's Natural Resource Conservation Service under the EQIP program along a continuous stretch of stream.

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Dredging cost-share exemption. G.S. 143-215.73F establishes the Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund and provides for its uses, including costs associated with dredging projects. It also provides non-State dollar cost-sharing requirements for projects funded by revenue from the Fund. Section 2 of the bill would exempt dredging projects for ferry channels maintained by the Department of Transportation that are located in development tier one areas from those cost-sharing requirements.

Hatteras-Ocracoke passenger ferry lease extension. The General Assembly enacted legislation this year (S.L. 2021-33) authorizing the Department of Transportation to lease a passenger ferry for operation between Hatteras and Ocracoke through August 15, 2021, and providing funding to lease and operate the ferry. Section 3 of the bill would provide for an extension of the lease through September 12, 2021, and additional funding to cover the associated costs.

**EFFECTIVE DATE:** This act would be effective when it becomes law.

*Chris Saunders, counsel to Senate Agriculture, Energy, and Environment, substantially contributed to this summary.*