



**HOUSE BILL 121:  
Clarify Environmental Quality Incentives  
Program (EQIP) Funding/Dredging Cost-Share.**

2021-2022 General Assembly

<b>Committee:</b>		<b>Date:</b>	February 7, 2022
<b>Introduced by:</b>		<b>Prepared by:</b>	Chris Saunders Staff Attorney
<b>Analysis of:</b>	S.L. 2021-108		

**OVERVIEW:** *S.L. 2021-108 does all of the following:*

- *Excludes Environmental Quality Incentives Program (EQIP) grants from a 50% match limitation on nonfederal funds for water resource development grants for specific appropriations.*
- *Clarifies 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 (NRCS) under the EQIP program along a continuous stretch of stream.*
- *Exempts dredging projects for ferry channels maintained by the Department of Transportation (DOT) that are located in tier one areas from Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund cost-share requirements.*
- *Extended authorization for the Hatteras-Ocracoke passenger ferry lease through September 12, 2021, and authorized funds for associated costs.*

*This act became effective August 16, 2021.*

**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 EQIP to cover 100% of the nonfederal costs of the project. That subdivision was enacted in the 2016 Appropriations Act, S.L. 2016-94.

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**Section 1** of House Bill 121 provides 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 clarifies that a single project consists of all landowners and other participants under a project design contract approved by NRCS under the EQIP program along a continuous stretch of stream.

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 exempts dredging projects for ferry channels maintained by DOT that are located in development tier one areas from those cost-sharing requirements.

Section 5 of S.L. 2021-185 amended this section to change the exemption for dredging projects for ferry channels from channels "maintained" by DOT to channels "used" by DOT.

Hatteras-Ocracoke passenger ferry lease extension. The General Assembly enacted legislation in 2021 (S.L. 2021-33) authorizing DOT 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 provided for an extension of the lease through September 12, 2021, and additional funding to cover the associated costs.

**EFFECTIVE DATE:** This act became effective August 16, 2021.

*Wendy Ray, counsel to Senate Transportation, substantially contributed to this summary.*