

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 1210 (2nd Edition)

SHORT TITLE: Winery Wastewater Management

SPONSOR(S): Senator Horton

FISCAL IMPACT

	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>

REVENUES

DENR receipts	(\$375)	(See assumptions for revenue loss in future years)			
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EXPENDITURES

POSITIONS:

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Department of Environment and Natural Resource (DENR) and Department of Agriculture and Consumer Services (DACCS)

EFFECTIVE DATE: The bill is effective when it becomes law.

BILL SUMMARY: Senate Bill 1210 establishes an alternative system of permits and fees for winery wastewater management systems. It requires the Departments of Environment and Natural Resources and Agriculture and Consumer Services to jointly prepare technical assistance information on the management of winery cleaning and process wastewater and to submit an interim and final report to the Environmental Review Commission (ERC) on the technical assistance information. DENR is also required, in consultation with DACCS, to develop design criteria for the management of winery cleaning and process wastewater through nondischarge land application systems and report those criteria to the ERC.

ASSUMPTIONS AND METHODOLOGY:

Under current law, a winery that treats and disposes of its winery cleaning and process wastewater must obtain a minor nondischarge water quality permit. Such a winery is regulated as an industrial operation and must meet certain regulatory requirements, including property boundary setbacks. Under current law, a minor nondischarge water quality permit is \$675.

In the bill, the property setback requirements have been modified for winery wastewater management systems that need to obtain a minor nondischarge water quality permit. The annual permit fee for a winery wastewater management system that serves a winery that produces 200 or more gallons of wine annually has been changed from \$675 to the following:

- \$100 for wineries that produce less than 10,000 gallons of wine annually.
- \$300 for wineries that produce 10,000 or more but less than 100,000 gallons of wine annually.
- \$675 for wineries that produce 100,000 or more gallons of wine annually.

Wineries that produce less than 200 gallons of wine annually would not pay a permit fee.

Revenue: According to the Department of Environment and Natural Resources, there are currently 21 operational wineries in North Carolina. Of these, only one has applied for a nondischarge water quality permit. Although DENR does not have detailed information on the wastewater management systems for the remaining 20 wineries, they assume that each of these wineries has been permitted at the local level and is either cleaning and processing wastewater through an on-site subsurface wastewater system or is connected to a publicly owned wastewater treatment system and thus does not need a nondischarge water quality permit from the State.

The winery that has applied to DENR for a nondischarge water quality permit, produces approximately 15,000 gallons of wine annually. Under the current statute, this winery would be required to pay DENR a \$675 annual permit fee. In Senate Bill 1210, this winery would be required to pay a reduced fee of \$300. Because these fees are credited as a receipt to the Division of Water Quality, the Division would lose \$375 in revenues in FY 2002-03. If additional wineries apply for a nondischarge water quality permit under the alternative system for winery wastewater management systems, then additional future revenues would be lost. The amount of this loss is dependent upon the number of wineries that apply and the size of those wineries. This fiscal note makes no attempt at estimating the potential number of future winery permit applications but assumes that these numbers would be low enough as to not cause a significant reduction in revenues to the Division.

Expenditures: The bill requires the Department of Agriculture and Consumer Services (DACS) and the Department of Environment and Natural Resources (DENR) to jointly prepare technical assistance information on the management of winery cleaning and process wastewater. It also requires DENR, in consultation with DACS, to develop design criteria for the management of winery cleaning and process wastewater through nondischarge land application systems. Both DACS and DENR will use existing staff to develop these materials and do not anticipate the need for increased expenditures.

SOURCES OF DATA: Department of Environment and Natural Resources

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