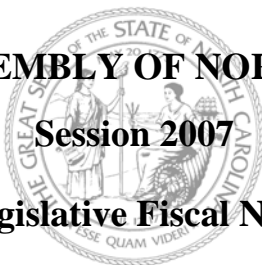


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

BILL NUMBER: Senate Bill 646 (Second Edition)

SHORT TITLE: Enact WASC Recommendations/Funds.

SPONSOR(S): Senator Albertson

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>
REVENUES:					
General Fund (CAMA Permit Fees)	(\$400)	(\$400)	(\$400)	(\$400)	(\$400)
Wildlife Resources Fund	\$1,089,542	\$2,250,631	\$2,325,114	\$2,395,273	\$2,478,781
NC Local Governments	*No estimate available – See Assumptions and Methodology*				
EXPENDITURES:					
No estimate available – See Assumptions and Methodology					
Crime Control and Public Safety	\$50,000				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Environment and Natural Resources; Wildlife Resources Commission; Department of Crime Control and Public Safety					
EFFECTIVE DATE: Section 7.1 of this act becomes effective July 1, 2007. Sections 1.1 through 1.9 of this act are effective for taxes imposed for taxable years beginning on or after July 1, 2008. Section 4.1 through 4.4 of this act becomes effective January 1, 2008. The remainder of this act is effective when it becomes law.					

BILL SUMMARY:

March 7, 2007

S 646. CONTINUE WATERFRONT ACCESS STUDY (=H 534). Filed 3/7/07. TO CONTINUE THE STUDY OF WATERFRONT ACCESS ISSUES.

Identical to H 534, filed 3/7/07.

July 23, 2007

S 646. ENACT WASC RECOMMENDATIONS/FUNDS (NEW). Filed 3/7/07. Senate committee substitute replaces the content of the 1st edition with AN ACT TO ESTABLISH WORKING WATERFRONTS AS A SPECIAL CLASS OF PROPERTY SUBJECT TO PRESENT-USE VALUE; TO ESTABLISH THE ADVISORY COMMITTEE FOR THE COORDINATION OF WATERFRONT ACCESS; TO DIRECT THE DEPARTMENT OF TRANSPORTATION TO MAKE EXPANDED PUBLIC ACCESS TO COASTAL WATERS A PRIORITY IN ITS ROAD PROJECT PLANNING AND CONSTRUCTION PROGRAMS; TO INCREASE FEES FOR VESSEL TITLING; TO PROVIDE THAT FEES ASSOCIATED WITH AN EMERGENCY COASTAL AREA MANAGEMENT ACT PERMIT SHALL BE WAIVED; AND TO DIRECT THE DIVISION OF EMERGENCY MANAGEMENT TO STUDY CONSTRUCTION AND REPAIR IN REGULATED FLOOD ZONES, AS RECOMMENDED BY THE WATERFRONT ACCESS STUDY COMMITTEE.

Present use value. Beginning with the 2008-09 property tax year, amends GS 105-277.3 to provide that working waterfront land that has produced an average income of at least \$1,000 for the three years preceding the year for which the tax benefit is claimed is taxed at the land's present use value. Makes conforming changes to the catch lines of GS 105-277.4, GS 105-277.5, and GS 105-277.6. Amends GS 105-277.2 to (1) include working waterfront land in the definition of present use value and (2) provide that the capitalization rate for agricultural and horticultural land is between 6% and 7%, as determined by the Use-Value Advisory Board. Amends GS 105-277.7 to add a representative of the Division of Marine Fisheries of the Department of Environment and Natural Resources (DENR) to the Use-Value Advisory Board. Effective July 1, 2007, appropriates \$100,000 for 2007-08 from the General Fund to the Agricultural Extension Service of North Carolina State University for the Use-Value Advisory Board. Makes technical, conforming, and clarifying changes to GS 160A-37(f1) and GS 160A-49(f1).

Advisory committee. Establishes the Advisory Committee for the Coordination of Waterfront Access within DENR to develop a plan for providing greater waterfront access in North Carolina and develop recommendations for increasing and improving water access. The committee is required to report on implementation to the Joint Legislative Commission on Seafood and Aquaculture by October 1 of each year, beginning in 2008.

Public access. Amends GS 136-18 to require the Department of Transportation (DOT) to expand public access to coastal waters in its road project planning and construction programs. Requires DOT to report on its progress to the Joint Legislative Commission on Seafood and Aquaculture by March 1 of each year, beginning in 2008.

Boating and waterway access funding. Amends GS 75A-3(c) to change the Boating Account to the Boating and Waterways Account and to provide that money for administering and enforcing the chapter remains available until it is expended. Amends GS 75A-5 to increase the fees for boat numbering, for renewal, and for a change in ownership from \$10 to \$15 for a one-year period and from \$25 to \$40 for a three-year period. Effective January 1, 2008.

CAMA. Amends GS 113A-118(f) to waive the fees for an emergency Coastal Area Management Act (CAMA) permit.

Study. Requires the Division of Emergency Management of the Department of Crime Control and Public Safety to study ways to facilitate the construction and repair of water dependent structures located in regulated flood zones and to report to the Joint Legislative Commission on Seafood and Aquaculture by March 1, 2008.

Source: Bill Digest S.B. 646 (03/07/0200)

ASSUMPTIONS AND METHODOLOGY:

Part 1 – Present-Use Value for Working Waterfronts

No estimate available. According to the Department of Revenue and the Waterfront Access Study Committee, no data is available regarding the acreage or value of working waterfront property that would be eligible for present-use value. Eligible properties would include fish houses and certain commercial piers and docks in the inter-tidal zone that generated an average gross income of \$1,000 for the past three years.

The assessed value of eligible properties would be determined by reducing the market value by the percentage that all present-use value property in the agriculture, horticulture and forest land programs is reduced. The present-use value of all property in the program for FY 2005-06 represented 38.1% of the market value.

Part 3 – Direct the Department of Transportation to Expand Public Access to Coastal Waters

No estimate available. According to the Department of Transportation, expanded public access could include, for example, raising or constructing bridges, improving or constructing roads, or improving boat ramp access. The expenditures would depend on the specific projects undertaken.

The Wildlife Resources Commission (WRC) has indicated that increased opportunities to partner with DOT to provide public access will likely impact their operating expenses within the Engineering Services Division. The Engineering Service Division is responsible for developing additional public fishing and boating access areas. However, increases in operating expenses may be offset by the reduction in acquisition costs associated with using state owned land for new access areas.

Part 4 – Increase Boating and Waterway Access Funding

The Boating and Waterway Access Account is comprised of motor fuel excise tax for watercraft, vessel registrations, and interest earnings. The bill will increase vessel registrations from \$10 to \$15 for one year registrations and from \$25 to \$40 for three year registrations. WRC has estimated that vessel registrations will continue to increase at an average of 2% to 3% per year. Using the actual count per type of vessel registration for FY 2006-07, the following table displays an example of how much additional revenue would have been generated with the fee increases.

	<u>1 Year Registrations</u>			<u>3 Year Registrations</u>		
	Count	Current	Proposed	Count	Current	Proposed
New Registrations	916	\$9,160	\$13,740	24,211	\$605,275	\$968,440
Transfer of Ownership	904	\$9,040	\$13,560	30,009	\$750,225	\$1,200,360
Registration Renewals	9,353	\$93,530	\$140,295	72,976	\$1,824,400	\$2,919,040
Total		\$111,730	\$167,595		\$3,179,900	\$5,087,840

The additional revenue generated in proposed fee increases in the above chart totals \$55,865 in 1 year registrations and \$1,907,940 in 3 year registrations. However, due to the January 1, 2008 effective date for the fee increases, FY 2008-09 will generate only half of this amount, or approximately \$1.1 million.

Section 5 – Waive CAMA Emergency Permit Fees

Since 1999, only eight Major Permits have been authorized under the provisions of G.S. 113A-118(f); an average of one permit each year is authorized under this Statute. Seven of the eight permits issued were assessed a \$400 fee and one was assessed at \$250 fee. Thus, Fiscal Research estimates that waiving CAMA permit fees under G.S. 113A-118(f) would result in a \$400 loss of fee revenue annually.

Section 6 - Study Construction and Repair in Regulated Flood Zones

The bill directs the Division of Emergency Management of the Department of Crime Control and Public Safety (CCPS) to study ways to facilitate the construction and repair of water dependent structures such as fish processing and packing facilities and boat repair and building facilities located in regulated flood zones. The Division shall report the results of the study, including any recommendations, to the Joint Legislative Commission on Seafood and Aquaculture by March 1, 2008. Department estimates that it will cost \$50,000 to administer this study.

SOURCES OF DATA: Department of Environment and Natural Resources; Wildlife Resources Commission; Department of Crime Control and Public Safety.

TECHNICAL CONSIDERATIONS: None

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DATE: July 26, 2007



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