

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**Session 2017**

**Legislative Fiscal Note**

**BILL NUMBER:** Senate Bill 107 (Second Edition)

**SHORT TITLE:** Streamline Dam Removal.

**SPONSOR(S):** Senators Wells, Gunn, and B. Jackson

<b>FISCAL IMPACT</b>					
(\$ in millions)					
<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> No Estimate Available					
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
<b>State Impact</b>					
General Fund Revenues:					
General Fund Expenditures:					
State Positions:					
<b>NET STATE IMPACT</b>	<b>No estimate available. Please see Assumptions &amp; Methodology section for additional details.</b>				
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>					
Department of Environmental Quality					
<b>EFFECTIVE DATE:</b> When the act becomes law except for sec. 4, which becomes effective July 1, 2017.					
<b>TECHNICAL CONSIDERATIONS:</b>					
None					

**FISCAL SUMMARY:**

Fiscal Research cannot provide an estimate of the fiscal impact. This bill may lead to increased or decreased revenue to the State based on the unpredictable participation of private dam owners in the dam removal program.

**BILL SUMMARY:**

**Section 1** of this bill would create a mechanism to allow dam owners to employ a qualified engineer to supervise the removal of a low or intermediate hazard dam that is not being used primarily for flood control or hydroelectric power generation. In doing so, the bill would exempt the dam owner from seeking approval from the Department of Environmental Quality (DEQ) for the dam removal. In these cases, the bill would charge the owner a flat \$500 fee to be paid to DEQ instead of the current fee of the larger of \$200 or 2% of the actual costs of removal.

**Section 2** of this bill would expand the exemption of compensatory mitigation requirements to include dam removal projects authorized in Section 1.

**Section 3** of this bill would direct the Environmental Management Commission to amend the Dam Height and Storage Determination rule (15A NCAC 02K .0223) to measure the height of a dam from the lowest point on the crest to the lowest point on the downstream toe in instances where the

dam is being considered for removal by a qualified engineer as authorized under Section 1. The current rule requires dams to be measured from the highest point on the crest to the lowest point on the downstream toe.

**Section 4** of this bill would direct DEQ and the Department of Public Safety to study ways to further reduce regulatory barriers to dam removal and to report their findings to the Environmental Review Commission by March 1, 2020.

Sections 1 through 3 are effective when the bill becomes law. Section 4 is effective July 1, 2017.

**ASSUMPTIONS AND METHODOLOGY:**

Fiscal Research cannot estimate the fiscal impact of the bill due to uncertainties about how these changes will affect the number of low and intermediate hazard dam owners participating in the dam removal process.

The Division of Energy, Mineral, and Land Resources (DEMLR) within DEQ currently processes applications to remove low and intermediate dams at a rate of about one to two dams every two to three years. DEMLR charges a fee for these based on a schedule published in 15A NCAC 02K .0222 within the parameters set by G.S. 143-215.28A. While DEMLR expects an increased interest in removing low and intermediate dams, it is unclear how many dams that would involve. Given the relatively low annual participation in the program thus far, the bill would have to have a significant impact on participation to generate a significant positive or negative fiscal impact.

Capping the fee at \$500 for dam removal by a qualified engineer could result in less revenue than the current fee structure generates. However, capping the fee at \$500 and exempting such removals from DEMLR review could encourage more dam owners to seek removal, which would thus increase the revenue captured by DEMLR. Fiscal Research cannot predict program participation, and therefore no fiscal estimate is available.

**SOURCES OF DATA:** Department of Environmental Quality: Division of Energy, Mineral, and Land Resources

**TECHNICAL CONSIDERATIONS:** None

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**DATE:** May 1, 2017



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