

GENERAL ASSEMBLY OF NORTH CAROLINA
1989 SESSION

CHAPTER 958
SENATE BILL 1509

AN ACT TO AUTHORIZE WATER COLUMN LEASES FOR AQUACULTURE
WITHIN RECOGNIZED SHELLFISH FRANCHISES AND TO DELAY ACTION
TO TERMINATE SHELLFISH CULTIVATION LEASES FOR ONE YEAR.

The General Assembly of North Carolina enacts:

Section 1. Article 16 of Chapter 113 of the General Statutes is amended by adding a new section to read:

"§ 113-202.2. Water column leases for aquaculture for perpetual franchises.

(a) To increase the productivity of shellfish grants and perpetual franchises for shellfish culture recognized under G.S. 113-206, the Marine Fisheries Commission may lease the water column superjacent to such grants or perpetual franchises (hereinafter 'perpetual franchises') under the terms of this section when it determines the public interest will benefit from the lease. Perpetual franchises with water column leases must produce shellfish in commercial quantities at four times the minimum production rate of leases issued under G.S. 113-202, or any higher quantity required by the Commission by rule.

(b) Suitable areas for the authorization of water column use shall meet the following minimum standards:

- (1) Aquaculture use of the leased water column area must not significantly impair navigation;
- (2) The leased water column area must not be within a navigation channel marked or maintained by a State or federal agency;
- (3) The leased water column area must not be within an area traditionally used and available for fishing or hunting activities incompatible with the activities proposed by the perpetual franchise holder, such as trawling or seining;
- (4) Aquaculture use of the leased water column area must not significantly interfere with the exercise of riparian rights by adjacent property owners including access to navigation channels from piers or other means of access;
- (5) The leased water column area may not exceed 10 acres for grants or perpetual franchises recognized pursuant to G.S. 113-206;
- (6) The leased water column area must not extend more than one-third of the distance across any body of water or into the channel third of any body of water for grants or perpetual franchises recognized pursuant to G.S. 113-206; and

(7) Any additional rules to protect the public interest in coastal fishing waters adopted by the Commission.

(c) The Commission shall not lease the water column superjacent to oyster or other shellfish grants or perpetual franchises unless:

(1) The perpetual franchise holder submits an application, accompanied by a nonrefundable application fee of one hundred dollars (\$100.00), which conforms to the standards for lease applications in G.S. 113-202(d) and rules adopted by the Commission;

(2) Notice of the proposed lease has been given consistent with G.S. 113-202(f);

(3) Public hearings have been conducted consistent with G.S. 113-202(g);

(4) The aspects of the proposals which require use and dedication of the water column have been documented and are recognized by the Commission as commercially feasible forms of aquaculture which will enhance shellfish production;

(5) It is not feasible to undertake the aquaculture activity outside of coastal fishing waters; and

(6) The authorized water column use has the least disruptive effect on other public trust uses of the waters of any available technology to produce the shellfish identified in the proposal.

(d) Water column leases to perpetual franchises shall be issued for a period of five years and may be renewed pursuant to subsection (g) of this section. The annual rental for water column leases shall be five hundred dollars (\$500.00) per acre, prorated, or the then current renewal rate, whichever is greater.

(e) Water column leases to perpetual franchises may be terminated for unauthorized or unlawful interference with the exercise of public trust rights by the leaseholder or his agents or employees.

(f) Water column leases to perpetual franchises are not transferrable except when the Commission approves the transfer after public notice and hearing consistent with G.S. 113-202(f) and (g).

(g) After public notice and hearing consistent with G.S. 113-202(f) and (g), the Commission may renew a water column lease, in whole or in part, if the leaseholder has produced commercial quantities of shellfish and has otherwise complied with this section and the rules of the Commission. Renewals may be denied or reduced in scope when the public interest so requires. Appeal of renewal decisions shall be conducted in accordance with G.S. 113-202(p). Renewals are subject to the lease terms and rates set out in subsection (d) of this section.

(h) The procedures and requirements of G.S. 113-202 shall apply to proposed water column leases or water column leases to perpetual franchises considered under this section except that more specific provisions of this section control conflicts between the two sections.

(i) Demonstration or research aquaculture development projects may be authorized for two years with no more than one renewal and when the project is proposed or formally sponsored by an educational institution which conducts

aquaculture research or demonstration projects. Production of shellfish with a sales value in excess of one thousand dollars (\$1,000) per acre per year shall constitute commercial production. Demonstration or research aquaculture development projects shall be exempt from the rental rate in subsection (d) of this section unless commercial production occurs as a result of the project."

Sec. 2. Effective upon ratification of this act and until July 1, 1991, the Secretary shall not commence or continue action to terminate any shellfish cultivation leases for failure to utilize the leasehold for commercial production pursuant to G.S. 113-202(1)(5). The term of any lease expiring during that interval which would not be renewed for failure to produce shellfish in commercial quantities pursuant to G.S. 113-202(p) is extended until July 1, 1991.

Sec. 3. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 18th day of July, 1990.