

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 2345*

Short Title: Agricultural Drought Response Funds. (Public)

Sponsors: Representatives Rapp, Williams (Primary Sponsors); Brisson, Faison, Fisher, Glazier, Hill, Pate, Tarleton, Underhill, Wainwright, R. Warren, and Wray.

Referred to: Appropriations.

May 21, 2008

A BILL TO BE ENTITLED

1
2 AN ACT TO APPROPRIATE FUNDS TO ESTABLISH A COST SHARE
3 PROGRAM TO ASSIST NORTH CAROLINA FARMERS WHO SUFFERED
4 DAMAGE FROM THE SEVERE AND EXTREME DROUGHT CONDITIONS IN
5 NORTH CAROLINA IN 2007 AND, IN FURTHER RESPONSE TO THE 2007
6 DROUGHT, TO APPROPRIATE FUNDS TO THE DEPARTMENT OF
7 AGRICULTURE AND CONSUMER SERVICES TO ASSIST THE GREEN
8 INDUSTRIES AND TO ESTABLISH AND SUPPORT A POSITION TO
9 COORDINATE A STATEWIDE AGRICULTURE RESPONSE TEAM, AS
10 RECOMMENDED BY THE JOINT SELECT COMMITTEE ON THE
11 AGRICULTURAL DROUGHT RESPONSE.

12 The General Assembly of North Carolina enacts:

13 **SECTION 1.(a)** Agricultural Drought Response Cost Share Program. – The
14 Agricultural Drought Response Cost Share Program is established. The Program shall
15 provide grants to assist North Carolina farmers who suffered damage from the severe
16 and extreme drought conditions in North Carolina in 2007. These grants shall be used to
17 assist farmers with the following projects:

- 18 (1) To redrill damaged wells or to drill new wells to be used as a water
19 supply for livestock or for irrigation.
20 (2) To renovate damaged or inadequate farm ponds or construct new farm
21 ponds to be used as a water supply for livestock or for irrigation.
22 (3) To renovate pastures depleted by the drought.

23 **SECTION 1.(b)** Program Administration. – The Program shall be
24 administered by the Division of Soil and Water Conservation in the Department of
25 Environment and Natural Resources through the Agriculture Cost Share Program for
26 Nonpoint Source Pollution Control. The Division shall administer this Program as

1 provided in this section and in Part 9 of Article 21 of Chapter 143 of the General
2 Statutes.

3 **SECTION 1.(c)** Program Functions. – Under the Agricultural Drought
4 Response Cost Share Program, the Division shall:

5 (1) Within funds available to the Agricultural Drought Response Account
6 established by Section 2 of this act, provide grants subject to all of the
7 following limitations and requirements:

8 a. Except as provided in G.S. 143-215.74(b)(9), State funding
9 shall be limited to:

10 1. Seventy-five percent (75%) of the average cost for each
11 project with the assisted person providing twenty-five
12 percent (25%) of the project cost, which may include
13 in-kind support of the project.

14 2. A maximum of one hundred thousand dollars (\$100,000)
15 per year to each applicant.

16 b. Applicants shall be limited to farmers who have an adjusted
17 gross income in each of the previous two years that is at or
18 below two hundred fifty thousand dollars (\$250,000), unless at
19 least seventy-five percent (75%) of this adjusted gross income
20 is derived directly from farming, ranching, or forestry
21 operations.

22 c. To be eligible for grant funds under subdivision (1) or
23 subdivision (2) of subsection (a) of this section, applicants must
24 demonstrate that their existing water supplies are insufficient to
25 provide reliable water to meet current needs for livestock
26 watering or irrigation.

27 d. Applicants may apply for grant funds for projects under
28 subsection (a) of this section that were installed as of August 1,
29 2007, so long as the costs of installation are documented to the
30 satisfaction of the Division.

31 e. The term of the grant contract shall be one year, but the contract
32 may include an option to extend the grant beyond the one-year
33 period to a farmer who needs additional funds to achieve the
34 purpose of the initial grant.

35 f. The requirements and limitations under subdivisions (1), (2),
36 (5), (7), and (8) of subsection (b) of G.S. 143-215.74 do not
37 apply. All other limitations and requirements set out in Part 9 of
38 Article 21 of Chapter 143 of the General Statutes, as modified
39 by this section, apply.

40 (2) Establish criteria to prioritize the redrilling of damaged wells and the
41 drilling of new wells, the renovation of damaged or inadequate farm
42 ponds and the construction of new farm ponds, the renovation of
43 pastures depleted by the drought, and retrofitting existing spray

1 irrigation systems to drip or low-volume stake emitters for the purpose
2 of improving the efficiency of the system.

3 (3) Establish criteria for the selection of applicants who are eligible for
4 participation in the Program. Priority shall be given to applicants who
5 have substantially complied with federal and State laws, regulations,
6 and rules for the protection of the environment, natural resources, and
7 public health and who have a limited ability to pay for the projects that
8 are eligible for grants under subsection (a) of this section.

9 (4) Develop a process for soliciting and reviewing applications and for
10 selecting farmers to participate in the Program.

11 (5) Investigate and pursue other funding sources to supplement State
12 funds, including federal, local, and private funding sources.

13 (6) Provide technical assistance to participating persons to assist with the
14 projects that are eligible for grants under subsection (a) of this section
15 and to facilitate the timely transfer of technology among participating
16 persons.

17 **SECTION 1.(d)** Advisory Committee. – The Department may establish an
18 advisory committee to assist the Division with the implementation of this act.

19 **SECTION 1.(e)** Report. – No later than 1 October of each year, the Division
20 shall prepare a comprehensive report on the implementation of Sections 1 through 4 of
21 this act. The report shall be submitted to the Environmental Review Commission as a
22 part of the report required by G.S. 143-215.10M. The first report required by this
23 subsection shall be submitted to the Environmental Review Commission no later than 1
24 October 2009.

25 **SECTION 2.** Account. –The Agricultural Drought Response Account within
26 the Department of Environment and Natural Resources is established. Funds in the
27 Account shall be used only as provided in Section 1 of this act. The Account shall
28 consist of funds appropriated to the Account by the General Assembly; any federal
29 funds available for this purpose; and any grants, gifts, or contributions to the State for
30 this purpose. Funds in the Account shall not revert. Further, twenty-five percent (25%)
31 of the funds in the Account shall not be allocated during the initial funding cycle, but
32 shall be retained to be allocated by the Division of Soil and Water Conservation
33 consistent with the limitations under this act, for the purposes under this act, and to
34 address future drought emergencies or to allocate to farmers who received a grant under
35 this act who need additional funds to achieve the purpose of the initial grant.

36 **SECTION 3.** There is appropriated from the General Fund to the
37 Agricultural Drought Response Account the sum of five million two hundred fifty
38 thousand dollars (\$5,250,000) for the 2008-2009 fiscal year to implement the
39 Agricultural Drought Response Cost Share Program. Notwithstanding the provisions of
40 G.S. 143-215.74 regarding the permissible uses of funds under the Agriculture Cost
41 Share Program for Nonpoint Source Pollution Program, these funds shall be allocated as
42 follows:

1 (1) \$750,000 shall be used to assist farmers in redrilling damaged wells or
2 drilling new wells to be used as a water supply for livestock or for
3 irrigation.

4 (2) \$500,000 shall be used to assist farmers with the renovation of
5 damaged or inadequate farm ponds or the construction of new farm
6 ponds to be used as a water supply for livestock or for irrigation.

7 (3) \$4,000,000 shall be used to assist farmers with the renovations of
8 pastures that were depleted by the 2007 drought conditions.

9 **SECTION 4.** There is appropriated from the General Fund to the
10 Department of Environment and Natural Resources the sum of three hundred thousand
11 dollars (\$300,000) for the 2008-2009 fiscal year for the Division of Soil and Water
12 Conservation for the Division's costs of implementing Section 1 through Section 3 of
13 this act.

14 **SECTION 5.** There is appropriated from the General Fund to the
15 Department of Agriculture and Consumer Services the sum of one million one hundred
16 forty-one thousand dollars (\$1,141,000) for the 2008-2009 fiscal year to be allocated as
17 follows:

18 (1) \$1,000,000 shall be used to assist the industries that are related to
19 lawns, gardens, horticulture, turfgrass, or other similar Green
20 Industries as follows:

21 a. \$400,000 shall be used to develop and implement a program to
22 educate consumers on water conservation.

23 b. \$600,000 shall be used to develop and implement the Disaster
24 Recovery Marketing and Promotion Campaign, a campaign to
25 promote water conservation and to preserve the economic
26 viability of the Green Industries.

27 (2) \$141,000 shall be used to establish and support a position within the
28 Department to develop and coordinate an agricultural emergency
29 response team.

30 **SECTION 6.** This act becomes effective July 1, 2008.