GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2009

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HOUSE BILL 1099

Committee Substitute Favorable 5/7/09 Committee Substitute #2 Favorable 5/12/09 PROPOSED SENATE COMMITTEE SUBSTITUTE H1099-PCS70478-TAf-28

Short Title:	Amend Environmental Laws 2009.	(Public)
Sponsors:		
Referred to:		

April 7, 2009

1 A BILL TO BE ENTITLED 2 AN ACT TO AMEND CERTAIN ENVIRONMENTAL LAWS TO: (1) EXTEND BY ONE 3 YEAR THE IMPLEMENTATION OF WATER SYSTEM EFFICIENCY CRITERIA FOR 4 ELIGIBILITY FOR STATE WATER INFRASTRUCTURE FUNDS; (2) PROHIBIT THE 5 USE OF HIGH ARSENIC CONTENT GLASS BEADS WHEN MARKING STATE OR MUNICIPAL ROADS OR PUBLIC VEHICULAR AREAS; (3) AMEND THE 6 7 BERNARD ALLEN MEMORIAL EMERGENCY DRINKING WATER FUND; (4) 8 PROVIDE THAT CITY AND COUNTY BUILDING INSPECTORS MAY RELY UPON 9 THIRD-PARTY CERTIFICATION FOR **PARKING LOTS AND** 10 BIORETENTION AREAS DESIGNED AND CONSTRUCTED TO COMPLY WITH 11 G.S. 113A-71; (5) MODIFY THE NUTRIENT MANAGEMENT STRATEGY AND 12 ADOPT A SEDIMENTATION STRATEGY FOR CERTAIN DRINKING WATER 13 SUPPLY RESERVOIRS; (6) PROTECT AND RESTORE WATER QUALITY AND QUANTITY IN THE UPPER NEUSE RIVER BASIN, FALLS LAKE, AND OTHER 14 15 **SUPPLY** DRINKING WATER **RESERVOIRS** BY DIRECTING THE ENVIRONMENTAL MANAGEMENT COMMISSION TO PROVIDE CREDIT TO 16 17 LOCAL GOVERNMENTS, LANDOWNERS, AND OTHERS WHO REDUCE WATER 18 POLLUTION IN THE UPPER NEUSE RIVER BASIN BEFORE PERMANENT RULES 19 ARE ADOPTED; (7) DIRECT THE REVENUE LAWS STUDY COMMITTEE AND 20 THE ENVIRONMENTAL REVIEW COMMISSION TO CONDUCT A STUDY OF 21 REVENUE GENERATING OPPORTUNITIES ASSOCIATED WITH ENTITIES USING 22 CERTAIN NATURAL RESOURCES OF THE STATE IN ORDER TO FUND 23 ACTIVITIES THAT WILL PROTECT AND ENHANCE PUBLIC HEALTH AND THE 24 ENVIRONMENT; AND (8) LIMIT TRANSFERS OF WATER FROM THE CATAWBA 25 RIVER BASIN UNDER THE CONCORD AND KANNAPOLIS INTERBASIN 26 TRANSFER CERTIFICATE.

The General Assembly of North Carolina enacts:

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31 32 **SECTION 1.** Section 21 of S.L. 2008-143 reads as rewritten:

"SECTION 21. Sections 3, 4, 5, 6, 7, 8, 10, 12, 13, 14, 15, 16, 17, 18, 20, and 21 of this act are effective when this act becomes law. Water Shortage Response Plans revised to comply with G.S. 143-355.2, as enacted by Section 5 of this act, shall be submitted no later than 1 July 2009. Subsection (c) of Section 14 of this act expires when rules adopted pursuant to subsection



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(b) of Section 14 of this act become effective. Sections 1, 2, and 19 of this act become effective 1 October 2008. Section 11 of this act becomes effective 1 December 2008 and applies to offenses committed on or after that date. Section 9 of this act becomes effective 1 July 2009.1 July 2010."

SECTION 2.(a) The General Assembly finds and declares that inorganic arsenic is a hazardous substance and is recognized by the United States Environmental Protection Agency and the United States Occupational Safety and Health Administration as a human carcinogen; that release of this substance into the environment may lead to contamination of soil and water; that the ingestion or inhalation of soil, water, plant material, or animal tissues contaminated with inorganic arsenic may lead to lung cancer, damage to the nervous system, or, in extreme cases, death from systemic poisoning; that reflective glass beads are used to reflect light when applied to roadway markers; that glass beads that contain more than 75 parts per million inorganic arsenic may represent a danger to workers who handle and apply them and a contamination potential to soil and water surrounding roadways. The General Assembly therefore determines that it is in the public interest to prohibit the use of glass beads containing more than 75 parts per million inorganic arsenic used to reflect light when applied to markings on roadways.

SECTION 2.(b) Chapter 136 of the General Statutes is amended by adding a new section to read:

"§ 136-30.2. Prohibit the use of high content arsenic glass beads in paint used for pavement marking.

No pavement markings shall be placed on or along any road in the State highway system, in any municipal street system, or on any public vehicular area, as defined in G.S. 20-4.01, that is made from paint that has been mixed, in whole or in part, with reflective glass beads containing more than 75 parts per million inorganic arsenic, as determined by the United States Environmental Protection Agency Method 6010B in conjunction with the United States Environmental Protection Agency Method 3052 modified."

SECTION 3. G.S. 87-98 reads as rewritten:

"§ 87-98. Bernard Allen Memorial Emergency Drinking Water Fund.

- (a) The Bernard Allen Memorial Emergency Drinking Water Fund is established under the control and direction of the Department. The Fund shall be a nonreverting, interest-bearing fund consisting of monies appropriated by the General Assembly or made available to the Fund from any other source and investment interest credited to the Fund.
- The Fund may be used to pay for notification, to the extent practicable, of persons aged 18 and older who reside in any dwelling unit, and the senior official in charge of any business, at which drinking water is supplied from a private drinking water well or improved spring that is located within 1,500 feet of, and at risk from, known groundwater contamination. The senior official in charge of the business shall take reasonable measures to notify all employees of the business of the groundwater contamination, including posting a notice of the contamination in a form and at a location that is readily accessible to the employees of the business. the personnel and other direct costs associated with developing regional groundwater quality assessments based on groundwater quality from water supply wells, additional testing data indicated by emerging contamination issues, and other sources of groundwater data. The purposes of such groundwater quality assessments shall be to improve public policy for groundwater protection, to develop groundwater quality plans in accordance with G.S. 143-215.8A, and to increase public awareness of the quality of the groundwater supply and the occurrence of groundwater contamination. The Fund may also be used by the Department to pay the costs of testing of private drinking water wells and improved springs for suspected contamination up to once every three years upon request by a person who uses the well and for the temporary or permanent provision of alternative drinking water supplies to persons whose drinking water well or improved spring is contaminated. Under this subsection,

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an alternative drinking water supply includes the repair or replacement of a contaminated well or the connection to a public water supply.

- Up to fifty percent (50%) of the funds available each year may be allocated to developing groundwater quality assessments in accordance with subsection (b) of this section and groundwater quality plans in accordance with G.S. 143-215.8A. The Department shall disburse monies from the Fund for covering the costs for alternative drinking water supplies based only on financial need and on the risk to public health posed by groundwater contamination and shall give priority to the provision of services under this section to instances when an alternative source of funds is not available. The Fund shall not be used to provide alternative water supply to households with incomes greater than three hundred percent (300%) of the current federal poverty level. The Fund may be used to provide alternative drinking water supplies if the Department determines that the concentration of one or more contaminants in the private drinking water well or improved spring exceeds the federal maximum contaminant level, or the federal drinking water action level as defined in 40 Code of Federal Regulations § 141.1 through § 141.571 (1 July 2007) and 40 Code of Federal Regulations § 143.3 (1 July 2007). For a contaminant for which a federal maximum contaminant level or drinking water action level has not been established, the State groundwater standard established by the Environmental Management Commission for the concentration of that contaminant shall be used to determine whether the Fund may be used to provide alternative drinking water supplies. The Fund may also be used to provide alternative drinking water supplies as provided in this section if the Department determines that the concentration of one or more contaminants in a private drinking water well is increasing over time and that there is a significant risk that the concentration of a contaminant will exceed the federal maximum contaminant level or drinking water action level, or the State groundwater standard. A determination of the concentration of a contaminant shall be based on a sample of water collected from the private drinking water well within the past 12 months.
- (c1) In disbursing monies from the Fund, Fund for alternative drinking water supplies, the Department shall give preference to provision of permanent replacement water supplies by connection to public water supplies and repair or replacement of contaminated wells over the provision of temporary water supplies. In providing alternative drinking water supplies, the Department shall give preference to connection to a public water supply system or to construction of a new private drinking water well over the use of a filtration system if the Department determines that the costs of periodic required maintenance of the filtration system would be cost-prohibitive for users of the alternative drinking water supply.
- (c2) If the Department provides an alternative drinking water supply by extension of a waterline, the Department may disburse from the Fund no more than ten thousand dollars (\$10,000) per household or other service connection. No more than one-third of the total cost of the project may be paid from the Fund. Fund for any project totaling more than fifty thousand dollars (\$50,000). The Department may combine monies from the Fund with monies from other sources in order to pay the total cost of the project.
- (c3) The Fund shall be used to provide alternative drinking water supplies only if the Department determines that the person or persons who are responsible for the contamination of the private drinking water well is or are not financially viable or cannot be identified or located and if the Department determines that one of the following applies:
 - (1) The contamination of the private drinking water well is naturally occurring.
 - (2) The owner of the property on which the private drinking water well is located did not cause or contribute to the contamination or control the source of the contamination.
 - (3) The source of the contamination is the application or disposal of a hazardous substance or pesticide that occurred without the consent of the owner of the property on which the private drinking water well is located.

- (c4) The Department may use up to one hundred thousand dollars (\$100,000) of the monies in the Fund to pay the personnel and other direct costs associated with the implementation of this section.
 - (c5) The Fund shall not be used for remediation of groundwater contamination.
- (c6) Nothing in this section expands, contracts, or modifies the obligation of responsible parties under Article 9 or 10 of Chapter 130A of the General Statutes, this Article, or Article 21A of this Chapter to assess contamination, identify receptors, or remediate groundwater or soil contamination.
- (d) The Department shall establish criteria by which the Department is to evaluate applications and disburse monies from this Fund and may adopt any rules necessary to implement this section.
- (e) The Department, in consultation with the Commission for Public Health and local health departments, shall report no later than 1 October of each year to the Environmental Review Commission, the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal Research Division of the General Assembly on the implementation of this section. The report shall include the purpose and amount of all expenditures from the Fund during the prior fiscal year, a discussion of the benefits and deficiencies realized as a result of implementation of the section, the progress of regional groundwater quality assessments and groundwater quality plans, any recommendations for additional testing parameters for private drinking water wells indicated by regional groundwater assessments, and may also include recommendations for any legislative action."

SECTION 4.(a) G.S. 153A-357(d) reads as rewritten:

"(d) No permit shall be issued pursuant to subsection (a) of this section for any land-disturbing activity that is subject to, but does not comply with, the requirements of G.S. 113A-71. For purposes of this subsection, the inspector may rely upon a third-party certification, provided by the applicant, that the parking lot and any stormwater bioretention area are properly designed and constructed to comply with G.S. 113A-71 in accordance with the guidelines developed by the Department of Environment and Natural Resources. Certification must be provided under seal by a licensed professional engineer or other licensed professional who is recognized as having expertise in the design and construction of pervious parking areas or stormwater bioretention areas, as appropriate."

SECTION 4.(b) G.S. 160A-417(c) reads as rewritten:

"(c) No permit shall be issued pursuant to subsection (a) of this section for any land-disturbing activity that is subject to, but does not comply with, the requirements of G.S. 113A-71. For purposes of this subsection, the inspector may rely upon a third-party certification, provided by the applicant, that the parking lot and any stormwater bioretention area are properly designed and constructed to comply with G.S. 113A-71 in accordance with the guidelines developed by the Department of Environment and Natural Resources. Certification must be provided under seal by a licensed professional engineer or other licensed professional who is recognized as having expertise in the design and construction of pervious parking areas or stormwater bioretention areas, as appropriate."

SECTION 5.(a) Section 3 of S.L. 2005-190, as amended by Section 31 of S.L. 2006-259, reads as rewritten:

"SECTION 3.(a) Applicability of section to certain reservoirs. – This section applies only to drinking water supply reservoirs that meet all of the following criteria as of 1 July 2005:

- (1) The reservoir serves a population greater than 300,000 persons.
- (2) The Environmental Management Commission has classified all or any part of the water in the reservoir as a nutrient sensitive water (NSW).
- (3) Water quality monitoring data indicates that water quality in the reservoir violates the chlorophyll A standard.

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"SECTION 3.(b) Temporary limitation on increased nutrient loading. — If the Environmental Management Commission determines either that water quality in all or in any part of a drinking water supply reservoir to which this section applies does not meet current water quality standards or that it is likely that water quality will not meet water quality standards at any time prior to 1 July 2010, the Commission shall not make any new or increased nutrient loading allocation to any person who is required to obtain a permit under G.S. 143-215 for an individual wastewater discharge directly or indirectly into that reservoir. This limitation on new or increased nutrient loading allocation shall not be construed to prohibit a person who holds a permit for a wastewater discharge into a drinking water supply reservoir from purchasing a nutrient loading allocation from another person who holds a permit for a wastewater discharge into the same drinking water supply reservoir. This subsection expires with respect to a drinking water supply reservoir when permanent rules adopted by the Commission to implement the nutrient management strategy for that reservoir become effective.

"SECTION 3.(c) Nutrient management strategy. – The Environmental Management Commission shall develop a nutrient management strategy for drinking water supply reservoirs to which this section applies by 1 July 2009.15 January 2011. The nutrient management strategy shall be based on a calibrated nutrient response model that meets the requirement of G.S. 143-215.1(c5). The nutrient management strategy shall include specific mandatory measures to achieve the reduction goals. The Commission shall consider the cost of the proposed measures in relation to the effectiveness of the measures. In developing the nutrient management strategy, the Commission shall consider the effectiveness of measures previously implemented in the watershed and the cost of the proposed measures in relation to their effectiveness. These measures could include, but are not limited to, buffers, erosion and sedimentation control requirements, post-construction stormwater management, agricultural nutrient reduction measures, the addition of nutrient removal treatment processes to point source permitted wastewater treatment plants, the removal of point source discharging wastewater treatments through regionalization and conversion to non-discharge treatment technologies, measures to address nutrient inputs from on-site wastewater treatment systems, control of atmospheric deposition, allowing the sale and purchase of nutrient offsets, allowing trading of nutrient loading allocations and credits for nutrient reductions, and any other measures that the Commission determines to be necessary to meet the nutrient reduction goals. To the extent that one or more other State programs already mandate any of these measures, the nutrient management strategy shall incorporate the mandated measures and any extension of those measures and any additional measures that may be necessary to achieve the nutrient reduction goals. In making a nutrient loading allocation to a permit holder, the Commission shall, to the extent allowed by federal and State law, give consideration to all voluntary efforts taken by the permit holder to protect water quality prior to the development of the nutrient management strategy.

"SECTION 3.(d) Eligibility under the Clean Water Revolving Loan and Grant Act. – The definitions set out in G.S. 159G-3 apply to this subsection. The operator of a wastewater treatment works that is owned by an agency of the State may apply for a loan or grant under Chapter 159G of the General Statutes on the same basis as any other applicant if the operator is a local government unit and if the local government unit operates the wastewater treatment works pursuant to a contract with the State agency that contemplates that the local government unit will eventually acquire ownership of the wastewater treatment works.

"SECTION 3.(e) Implementation; rulemaking. – The Environmental Management Commission shall adopt permanent rules to implement the nutrient management strategies

required by this section by 1 July 2009.15 January 2011. The rules shall require that reductions in nutrient loading from all sources begin no later than five years after the rules become effective. The rules shall require that stormwater management programs to reduce nutrient loading from new development be implemented no later than 30 months after the rules become effective.

"SECTION 3.(f) Reports. – The Environmental Management Commission shall report its progress in implementing this section to the Environmental Review Commission as a part of each quarterly report it makes pursuant to G.S. 143B-282(b)."

SECTION 5.(b) S.L. 2005-190, as amended by Section 31 of S.L. 2006-259, is amended by adding three new subsections to read:

"SECTION 3.(g) Compensatory mitigation for riparian buffer loss; nutrient offset purchases. – Compensatory mitigation for riparian buffer loss in the watershed of a drinking water supply to which this section applies must be performed in the watershed of the drinking water supply. The Environmental Management Commission may further limit the area in which compensatory mitigation for riparian buffer loss must be performed in the watershed of a drinking water supply to which this section applies. Any nutrient offset purchased to offset loading in the watershed of a drinking water supply to which this section applies may only be obtained from an offset project located in the watershed of the drinking water supply. The Environmental Management Commission may further limit the area from which nutrient offsets may be obtained in the watershed of a drinking water supply to which this section applies.

"SECTION 3.(h) Additional standards for land disturbing activities in the water supply watershed. – In addition to any other requirements of State, federal, and local law, land-disturbing activity in the watershed of the water supply reservoir to which this section applies shall meet all of the following design standards for sedimentation and erosion control:

- (1) Erosion and sedimentation control measures, structures, and devices shall be planned, designed, and constructed to provide protection from the runoff of the 25-year storm that produces the maximum peak rate of runoff as calculated according to procedures set out in the United States Department of Agriculture Soil Conservation Service's "National Engineering Field Manual for Conservation Practices" or according to procedures adopted by any other agency of the State or the United States or any generally recognized organization or association.
- (2) Sediment basins shall be planned, designed, and constructed so that the basin will have a settling efficiency of at least 70 percent (70%) for the 40 micron size soil particle transported into the basin by the runoff of the two-year storm that produces the maximum peak rate of runoff as calculated according to procedures in the United States Department of Agriculture Soil Conservation Service's "National Engineering Field Manual for Conservation Practices" or according to procedures adopted by any other agency of the State or the United States or any generally recognized organization or association.
- (3) Newly constructed open channels shall be planned, designed, and constructed with side slopes no steeper than two horizontal to one vertical if a vegetative cover is used for stabilization unless soil conditions permit steeper slopes or where the slopes are stabilized by using mechanical devices, structural devices, or other acceptable ditch liners. In any event, the angle for side slopes shall be sufficient to restrain accelerated erosion.
- (4) For an area of land-disturbing activity where grading activities have been completed, temporary or permanent ground cover sufficient to restrain erosion shall be provided as soon as practicable, but in no case later than seven days after completion of grading. For an area of land-disturbing

activity where grading activities have not been completed, temporary groundcover shall be provided for the area if it has not been disturbed for a period of nine days.

"SECTION 3.(i) The Department of Environment and Natural Resources, in consultation with the Environmental Management Commission, shall identify improvements needed in the design, operation, and siting of septic tank systems in order to reduce excess nutrient loading from septic tank systems in the watershed of a drinking water supply to which this section applies. The Department shall report its findings and recommendations for specific changes to standards adopted by the Commission for Public Health pursuant to G.S. 130A-355 to the Commission for Public Health and to the Environmental Review Commission no later than March 1, 2010."

SECTION 6.(a) Concurrent with the permanent rule making required by Section 3 of S.L. 2005-190, as amended by Section 31 of S.L. 2006-259 and Section 5(a) of this act, and pursuant to G.S. 143-215.8B, the Environmental Management Commission shall adopt temporary rules. The Commission shall adopt the temporary rules required by this section by January 15, 2011.

SECTION 6.(b) No later than December 31, 2011, the Sedimentation Control Commission shall adopt rules of statewide applicability for the control of erosion and sedimentation resulting from land-disturbing activities in the watersheds of water supply reservoirs. In developing the rules, the Commission shall consider the standards established pursuant to Section 3(h), as enacted by Section 5(b) of this act.

SECTION 7.(a) Definition. – For purposes of this section, the term "Upper Neuse River Basin" is that portion of the Neuse River Basin upstream of the Falls Dam, including Falls Lake.

SECTION 7.(b) Credit for Early Adoption. – The Environmental Management Commission shall encourage local governments, landowners, and others to develop, adopt, and implement policies and practices to reduce the runoff and discharge of nitrogen, phosphorus, sediment, and other pollutants into the surface waters and drinking water supply reservoirs in the Upper Neuse River Basin before it adopts permanent rules to implement the nutrient management strategy and the turbidity strategy for Upper Falls Lake. The Environmental Management Commission shall, in its permanent rules, provide credit for the early implementation of the nutrient management strategy for the Upper Neuse River Basin and the turbidity strategy for Falls Lake to local governments, landowners, and others who implement policies and practices after January 1, 2007, to reduce runoff and discharge of nitrogen, phosphorus, and sediment in the Upper Neuse River Basin.

SECTION 7.(c) Reports. – The Environmental Management Commission shall report its progress in implementing Section 7 of this act to the Environmental Review Commission as part of each quarterly report it makes pursuant to G.S. 143B-282(b).

SECTION 8.(a) The Revenue Laws Study Committee and the Environmental Review Commission shall jointly study revenue generating opportunities associated with entities in the State that are large-scale users of certain natural resources of the State. In particular, the Committee and Commission shall study all of the following issues:

- (1) Impact on the State's citizens and its natural resources from large-scale users of water resources.
- (2) The value of the State's water resources.
- (3) The feasibility and advisability of imposition of a tax or license upon large-scale users of the State's natural resources.
- (4) Potential uses of revenue generated from such a tax or license, including funding river basin modeling activities, flood plain mapping activities, needed public water and sewer improvements, cleanup of contaminated sites, and funding of the Clean Water Management Trust Fund.

SECTION 8.(b) The North Carolina Utilities Commission, the Department of Revenue, and the Department of Environment and Natural Resources shall provide technical expertise and assistance as requested in the conduct of this study. **SECTION 8.(c)** The Committee and Commission shall jointly submit a report to

SECTION 8.(c) The Committee and Commission shall jointly submit a report to the 2009 General Assembly no later than April 1, 2010. This report shall include findings and recommendations, including a proposal for legislation to generate revenue as identified by the study.

SECTION 9. Concord and Kannapolis may not transfer water from the Catawba River Basin pursuant to the Certificate Authorizing the Cities of Concord and Kannapolis to Transfer Water from the Catawba River and Yadkin River Basins to the Rocky River Basin under the Provisions of G.S. 143-215.22I, approved by the Environmental Management Commission on January 10, 2007, and signed into effect on January 25, 2007, unless the Department of Environment and Natural Resources determines that both of the following conditions are met:

- (1) Concord and Kannapolis are transferring 10 million gallons per day from the Yadkin River Basin to the Rocky River Basin pursuant to the Interbasin Transfer Certificate.
- (2) There are no other practicable water supplies available to Concord and Kannapolis.

SECTION 10. Section 2 of this act becomes effective October 1, 2009, and applies to any contracts for road projects entered into, or any pavement remarking that takes place, on or after that date. Section 4 of this act is effective retroactively to April 1, 2009. Section 3(h) of S.L. 2005-190, as enacted by Section 5(b) of this act, becomes effective January 1, 2010, applies to land-disturbing activities begun on or after January 1, 2010, and expires on the date that rules adopted pursuant to Section 6(b) of this act become effective. The remaining sections of this act are effective when this act becomes law.