NORTH CAROLINA GENERAL ASSEMBLY

HOUSE SELECT COMMITTEE ON AGRICULTURAL REGULATIONS

INTERIM REPORT TO THE 2012 SESSION of the 2011 GENERAL ASSEMBLY OF NORTH CAROLINA

MAY 9, 2012

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TRANSMITTAL LETTER

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TO THE MEMBERS OF THE 2012 REGULAR SESSION
OF THE 2011 GENERAL ASSEMBLY

The HOUSE SELECT COMMITTEE ON AGRICULTURAL REGULATIONS, respectfully submits the following interim report to the 2012 Regular Session of the 2011 General Assembly.

Rep. Glen Bradley (Co-Chair)

Rep. Jimmy Dixon (C0-Chair)

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COMMITTEE PROCEEDINGS

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The production, harvesting, transport, and sale of food and fiber -- the business of agriculture -- is heavily regulated by federal, State, and local laws and ordinances, as well as through industry- imposed standards and guidelines. Rules and regulations dictate practices employed by farmers across the spectrum, including environmental protection, public health, transportation, worker health and safety, pesticide use, migrant housing, and participation in federal agriculture programs. Farmers must also comply with local land use ordinances, sedimentation control ordinances, building code issues, and business license requirements. Industry standards require grading and traceability, among other things. The number and complexity of the rules and regulations affecting agriculture can be a serious obstacle or deterrent to those who wish to begin farming and an impediment to profitability for small farmers.

The Speaker of the House of Representatives established the House Select Committee on Agricultural Regulations to investigate the regulatory environment facing farmers. In executing its charge, the Committee met six times during the interim between the 2011 and 2012 Regular Sessions. The following is a brief summary of the Committee's proceedings. Detailed minutes and information from each Committee meeting are available in the Legislative Library.

November 16, 2011

The initial meeting of the House Select Committee on Agricultural Regulations was held on Wednesday, November 16, 2011. Various speakers presented an overview of the agriculture regulatory environment and the costs and impacts of regulatory compliance.

Ray Starling, General Counsel, North Carolina Department of Agriculture and Consumer Services (NCDA&CS), noted that agriculture regulations are imposed not only at the State level, but also at the federal level, the local level, and by industry groups, and cover a multitude of substantive areas. Mr. Starling suggested that a new approach is needed to rulemaking -- one that is process-oriented, that better engages the regulated community in rule development, and that focuses on training and compliance assistance as opposed to punitive enforcement action. He also noted the need to more accurately calculate the costs of regulatory compliance before adopting new rules.

Mr. Starling observed that the Committee was charged to look at contract growers' need for insurance protection from financial loss and for additional protections through the terms of their contracts. The majority of poultry, pork, and tobacco is grown under contract. This is being looked at on the federal level through proposed changes to the Grain Inspection, Packers, and Stockyards Administration (GIPSA). In addition, a number of states have proposed changes to their laws, but only a handful have actually enacted legislation to increase protection for contract growers.

Mitch Peele, Director of Public Policy for the North Carolina Farm Bureau, Inc., informed the Committee that farmers are not opposed to regulations or environmental laws; however, it is important to maintain a balance in an effort not to overburden agriculture. Regulatory compliance costs represent a large percentage of the cost of doing business for farmers, ranking close to the costs for labor and energy. Mr. Peele noted that value-added activities can increase farm profits, but such activities also bring increased regulation.

Allison Fowler, Legislative Director for the North Carolina State Grange, stated that at a recent forum conducted at the Rural Center, the primary concern expressed by young

farmers was the number and complexity of regulations. The Grange looks forward to helping identify problematic regulations and making changes so that farmers can be more productive.

Last, Marilyn Kille of SaveNCFarms voiced concerns over land use regulations within Extra-Territorial Jurisdictions (ETJs) being used to force farmers off the land.

December 7, 2011

In the second meeting of the House Select Committee on Agricultural Regulations, held on Wednesday, December 7, 2011, the committee continued its exploration of the regulatory process with specific emphasis on how regulatory requirements impact small farms. The impact of food safety regulations on small farms and on value-added agribusiness was specifically addressed.

Scott Marlowe, Executive Director of the Rural Advancement Foundation International (RAFI-USA), spoke to the radical change in North Carolina agriculture in the past three decades and how those changes have decreased farmers' risk management options. According to Mr. Marlowe, North Carolina has seen a major shift in sources of farm receipts since the 1980's. Tobacco is no longer the main cash crop and there has been a transition in importance from row crops to specialty crops, direct markets, and livestock, especially livestock grown under production contracts. This change also represents a move away from those crops that are covered under existing disaster assistance and risk management programs to those with few or none. For those growing under production contracts -- where the farmer does not own the crop or livestock but is being paid for grower services -- federal programs assistance is limited. Private insurance is available, but it is not federally-subsidized and, therefore, not as cost-effective for the farmer. Mr. Marlowe encouraged the committee to look at programs being developed in other states in which states and local governments use federal assistance as a base to lower interest rates on emergency loans to farmers.

Mr. Marlowe stressed the importance of tailoring regulations to appropriately match the risk presented by a given activity. An example of this is the radically different public health risk profile of a product sold directly to a consumer versus one that is commingled with thousands of pounds of other product before it reaches the consumer. Existing regulations are not user-friendly, which also creates a barrier to entrepreneurial farmers.

Roland McReynolds, Executive Director of the Carolina Farm Stewardship Association, addressed the market opportunity presented by small farms in North Carolina. Ninety-five percent of North Carolina farms are classified as small farms. A growing number of consumers look for locally-grown food when choosing a grocery store. The emphasis on eating locally-grown fruits and vegetables has created significant market potential for small farms. However, one-size-fits-all food safety rules do not fit small farms. Industrial food manufacturing standards can cost a small farm from $9,500 to $20,000 annually and require 150 – 750 hours of farmer labor per year.

According to Mr. McReynolds, at a November 11, 2011 listening session of the Sustainable Local Food Advisory Council, farmers discussed having alternative regulations for small farms for egg handling, raw milk, and good agricultural practices. They also wanted more education, not just exemptions from the rules. North Carolina should affirmatively avoid imposing new on-farm food production and processing rules on small farms.

The next speaker was Debbie Hamrick, North Carolina Farm Bureau Federation, Inc., and member of the North Carolina Local Sustainable Food Advisory Council. Ms. Hamrick covered the purposes of the Council, its working structure, and the report of the

Subcommittee on Regulatory. She discussed the regulatory infrastructure in the State, noting that it included divisions of NCDA&CS such as the Food and Drug Division and the Soil and Water Division, Water Quality and Solid Waste at the North Carolina Department of Environment and Natural Resources (DENR), Environmental Health, the North Carolina Department of Labor, the universities, and the US Food and Drug Administration (FDA) the Department of Defense, the US Department of Labor and others. The Council is grateful for the legislature's action on some of the recommendations of the Council, including municipal annexation and a waste water exemption for small on-farm processors. Ms. Hamrick noted that the Council is sponsoring listening sessions such as the one referenced by Mr. McReynolds, above. She stated that the authorization for the Council is set to expire July 31, 2012, and the Council would like to have the sunset extended by five years and to have a permanent staff person assigned to the Council. Estimated cost of a permanent staffer is $100,000 per year.

After Ms. Hamrick's presentation, Committee Counsel read a statement from Tom Elmore, Co-Owner and Operator of Thatchmore Farm in Leicester, North Carolina, into the record. The full text of Mr. Elmore's letter may be found in the Committee minutes. Mr. Elmore noted that supporting small farms is a great way to plug leaks in the State economy and promote local jobs. He noted several things that the Committee should consider in making recommendations for regulatory reform. Regulatory barriers should be lowered by recognizing that small farms are different than large farms. Regulations that make sense for industrial farms are inappropriate for small farms and can threaten financial success. Performance-based approaches to regulation should be used instead of prescriptive approaches. The State should consider exempting small farms from regular inspections by State agencies. Mr. Elmore also suggested that NCDA&CS work with farm advocacy organizations to develop farm-friendly local land use regulations. Mr. Elmore called for additional incentives for farm businesses, including encouraging the purchase of North Carolina produce by State institutions, grants and tax credits for investment in new agricultural enterprises, full funding for farmland conservation programs, and technical advice and low-interest loans to new farms.

Public input was taken at the end of the meeting. Marilyn Kille, Bo Sellars, Jay Brown, and Sharon Cook spoke to the committee regarding land use ordinances forcing farmers off their land.

January 25, 2012

The Committee held its third meeting on Wednesday, January 25, 2012. The Committee sought information related to its charge to investigate the effect of poultry houses on fire district ratings. The Committee also heard presentations on the North Carolina estate tax, and the Jordan Lake watershed rules.

Tim Bradley, Assistant State Fire Marshall, began his presentation with a history of fire department ratings in North Carolina. Better fire department grades usually translate into lower insurance rates in the fire district. State fire inspectors were asked to review their records and did not find any fire districts that were negatively impacted by the presence of poultry houses in the district. Fire department ratings are based in part on "fire flow," which is the amount of water a fire department is capable of putting on a fire. The basic fire flow is calculated on the fifth largest fire flow need, usually the fifth largest unsprinklered building in the fire district. If a poultry house is the fifth largest building, then it usually has a fire flow need of 3,500 gallons per minute. This would require response by three (1,000gpm) engines. If the fire department does not have three engines, then they can enter into automatic mutual aid agreements with other departments to fill the

need for an additional engine. Sometimes having a livestock building can help a fire department get a better grade because they can be given credit for automatic aid in manpower and engines throughout the ratings district. Making mutual aid agreements mandatory could help improve fire department ratings.

Robin Smith, Assistant Secretary for Environment, DENR, addressed concerns raised by Marilyn Kille in earlier committee meetings regarding the impact of the Jordan Lake watershed rules on small farms, and in particular, whether urban areas are shifting their burden for nutrient reduction to agricultural land. Ms. Johnson explained the underlying reason for the watershed rules. Jordan Lake is a water supply reservoir. Nutrient runoff into the lake is creating problems such as algae blooms, fish kills, and poor water quality. The rules require the burden of nutrient reduction to be shared among both point and non-point sources including agriculture, existing development, and new development. Development standards are monitored by local government review of stormwater management. The rules for agriculture have a specific, independent approach developed through watershed management committees which include representatives from local farms. The rules are not designed to shift the burden of reducing nutrient loads to any one source nor is there evidence that this is happening. All sources are required to do their part.

Greg Roney, Staff Attorney with the General Assembly's Research Division, presented on the North Carolina Estate Tax. North Carolina is one of twenty three States and the District of Columbia that impose an Estate Tax or Inheritance Tax. The estate tax was 0.39% of General Fund tax revenue in 2009-2010. Under current law, the first five million dollars of an estate is exempt from the State and federal estate tax. The top State rate is sixteen percent (estates over $10 million) and the top federal rate is thirty-five percent. There is a 100% deduction from the federal tax for State taxes paid. In 2013, the federal estate tax rate is scheduled to revert back to 2001 levels which carried a top rate of fifty-five percent.

March 7, 2012

The Committee held its fourth meeting on Wednesday, March 7, 2012 at 1:30pm. The Committee heard presentations on laws that limit the direct sale of eggs and raw milk to consumers. While such limitations are based on food safety concerns, questions exist about the balance between public health risks and the peoples' rights to access and consume the food they wish. Direct sales of eggs and raw milk also would generate significant income for small farmers and increase the economic viability of small farms.

The first topic of discussion was the North Carolina Egg law and, in particular, the exemption from candling and grading for farmers selling 30 dozen or fewer eggs per week. Daniel Ragan, Director, Food and Drug Protection Division, NCDA&CS, introduced Janna Spruill, an inspector with the Division, who explained the State egg law. NCDA&CS sees egg candling and grading as a food safety issue. Classes on egg candling and grading are offered to farmers through poultry extension at NCSU.

Dr. Ken Anderson, Extension Specialist at NCSU, spoke to the Committee about food safety issues in egg production and handling. Egg laws were first enacted in the 1960's after a salmonella outbreak in California occurred from the selling of checked (miniature cracks) eggs. Checked eggs can be detected only by candling and grading. Candling is the process of looking at an egg in a very bright light to detect internal defects including blood spots, meat spots, and checks. The presence of meat and blood spots can contribute to the inactivation of the internal antimicrobial mechanisms in the egg and can allow for the growth of contamination. Checks can allow organisms on the outside of an egg shell to move into an egg. When microbial loads get too great, illness can result. Dr. Anderson also

noted that brown eggs typically have more blood and meat spots than white eggs. Further, free range or cage free production typically have higher contamination levels than caged production. Problems occur where there are floor eggs or eggs are laid out on the range instead of the nest box. Dr. Anderson said the reality, however, is that food safety issues are equivalent in well managed production systems.

Roland McReynolds, Executive Director, Carolina Farm Stewardship Association, stated that the issue of candling and grading eggs is a significant issue in terms of economic viability and success of small scale farms that are seeking to direct market eggs for the local food market. He noted that consumers are demanding local eggs. Color, freshness, and local production are key. Farmers report that standardized grades and weights are not driving factors. Increasing the exemption from candling and grading would benefit both consumers and producers and allow a greater opportunity for business growth and jobs.

Mr. McReynolds pointed out that Dr. Anderson stated to the committee that grading or weighing eggs or candling eggs does not reduce the risks of salmonella. Reduction of risk is accomplished through good management practices on farm and in egg handling. Mr. McReynolds said that enhanced funding and support for training on good management practices would be the most effective way to improve public health protection with regard to small farms producing for local markets.

Mr. McReynolds also stated that federal regulations exempt small scale producers with less than 3,000 hens. Virginia exempts producers who sell less than 150 dozen eggs per week from candling and grading requirements. Georgia exempts direct sales as long as no individual sale exceeds 30 dozen eggs or as long as the flock size is less than 3,000 hens.

The Committee then moved to the question of amending North Carolina's laws to allow the sale of raw milk for human consumption.

Barbara Riley, Staff Attorney, Research Division, NCGA, reviewed the history of milk regulation in the United States. Rapid urbanization and industrialization in the late 1800's gave rise to what were known as "distillery dairies" and "swill milk." Milk-borne disease was rampant at that time. Pasteurization was developed by Louis Pasteur in 1864 and milk began to be pasteurized shortly thereafter. Public health officials largely attribute the reduction of food borne illness in the early 20th century to the pasteurization of milk. In 1938 milk borne outbreaks constituted twenty-five percent of disease outbreaks attributed to infected food and water. Today that rate is one percent.

Standards for the production and handling of milk were first published by the US Public Health Service in 1924. In 1965, the Standard Milk Ordinance became known as the Pasteurized Milk Ordinance (PMO). It is the voluntary standard used in all 50 States for the certification of interstate milk shippers. In 1973, the FDA published a regulation requiring all milk and milk products moving in interstate commerce to be pasteurized. In 1984, a public interest group sued the FDA to force adoption of regulations requiring the pasteurization of milk. The court ruled in 1987 that the FDA had to adopt a rule banning the interstate sale of raw milk. The court held, however, that the intrastate sale of raw milk would be left to the discretion of the States. Currently thirty states allow the sale of raw milk. Twenty, including North Carolina, prohibit such sales. In the states prohibiting the sale of raw milk, seven allow cow/herd share agreements. Of the states that allow the sale of raw milk, thirteen limit it to "on farm" sales only. Twelve states allow the retail sale of raw milk. Five states have unique laws that allow some limited sale of raw milk.

In North Carolina, only Grade "A" pasteurized milk may be sold directly to consumers for human consumption. G.S. 106-266.35. The statute further expressly prohibits cow or herd share agreements. Raw milk may be sold for use as animal feed. Milk sold for animal feed must be labeled according to statute.

The next speaker on the raw milk issue was Roland McReynolds from the Carolina Farm Stewardship Association. Mr. McReynolds told the Committee of the increasing demand for raw milk and raw milk products in the State over the last decade. He noted that no food is 100% safe. The risk posed by raw milk is not disproportionately higher than undercooked hamburger, over-easy eggs, or raw oysters. Other states that allow raw milk sales have shown that the risk can be effectively managed.

Raw milk has been a major discussion topic at listening sessions on agricultural regulations in the Carolinas. (South Carolina allows the retail sale of raw milk). Farmers are being offered $6 to $8 per gallon for the product. North Carolinians are going to South Carolina to get raw milk. Mr. McReynolds said that it would be better to try to manage the risk rather than banning the consumption of raw milk. In 2010, there were nineteen outbreaks of food-borne illness linked to raw milk with 102 illnesses and no deaths. The US Centers for Disease Control (CDC) estimates that there are nine million people who consume the product. The number of illnesses linked to raw milk is smaller than the number linked to other food products.

South Carolina has a licensing and inspection system which includes facility standards, periodic inspection, and regular testing for contamination. The program is similar to that for pasteurized milk in South Carolina, but the requirements for bacterial purity are higher. There is zero tolerance for E-coli, Salmonella, Listeria, and Campylobacter. South Carolina's system has proven effective: between 1998 and 2009 there has been only one outbreak of illness linked to raw milk. That outbreak affected eleven1 people. Mr. McReynolds encouraged the Committee to reconsider the sale of raw milk for human consumption in North Carolina. A regulatory program for raw milk dairies based on best management practices from other states would protect public health and allow informed consumers a choice.

Next, Glenn Jernigan spoke on behalf of the Carolina-Virginia Dairy Association in opposition to the legalization of raw milk sales. Mr. Jernigan noted that the last time raw milk was an issue before the legislature it was opposed by State Health Director, the North Carolina Association of Local Health Directors, The North Carolina Farm Bureau, DENR, the North Carolina State Grange, the Agricultural Alliance of North Carolina, and the FDA. Mr. Jernigan pointed out that between 1973 and 1992 in states that allowed raw milk sales, such sales were one percent of the total milk sold, but eighty-seven percent of the raw milk outbreaks occurred in those states. He went on to cite other statistics including CDC data from 1998 to 2005 that showed forty five food-borne illnesses implicating raw milk that caused 1,007 illnesses and two deaths. Removal of the ban on raw milk sales will endanger public health and will be devastating, not only to the people of the State, but also to the State's $600 million dairy industry.

Fergus Hodgson from the John Locke Foundation was the fourth speaker on the raw milk issue. Mr. Hodgson opened by saying that the need for this discussion is odd since raw milk is readily available and legally traded in many nations and states, and it is a safe, nutritious product. Mr. Hodgson went on to say that preventing the sale of raw milk is a violation of personal liberty set out in Article 1, Section 1 of the North Carolina Constitution.

Mr. Hodgson noted that raw milk is readily available in many European countries including Germany, Holland, Belgium, France, Denmark, Sweden, Poland, Italy and others. In fact, it is so widely available that some countries now have vending machines dispensing raw milk to the public in supermarkets, shopping malls, and street corners.

Further, the CDC has acknowledged that pasteurization kills beneficial nutrients in milk. CDC reports also show that dairy products, both pasteurized and unpasteurized, are

not major contributors to food borne illnesses. Mr. Hodgson urged the Committee to put the swift legalization of raw milk at the top of the Committee's priority list.

Ruth A. Foster, Raw Milk Coordinator, North Carolina Chapter of the Weston A. Price Foundation, was the final speaker on the raw milk issue. Ms. Foster introduced herself as a consumer and as a registered nurse. She presented evidence suggesting that much of the illness attributed to raw milk in the early 20th century can be linked to other sanitation issues such as the lack of municipal water treatment, refrigeration, and the mixing of milk with contaminated water. For example, the rapid decrease in deaths from typhoid fever correlates strongly with the beginning of water chlorination around 1908. Typhoid deaths were almost eliminated prior to the federal government's mandating milk pasteurization. She noted that the largest number of cases of dairy based food-borne illness occurred in 1984-1985 from pasteurized milk. Two hundred thousand people were sickened, three thousand were hospitalized, and eighteen died.

Ms. Foster said that people today are seeking out alternative food networks. They seek greater control over food origin and selection, minimum processing, travel time and storage. Many North Carolinians are traveling to South Carolina to obtain raw milk. This is a lost economic opportunity for the farmers in our State. She noted that raw milk has a "built-in" immune system. At least one study has shown that Listeria in raw milk noticeably degrades after three days of refrigeration, and after four days has deteriorated to cellular debris. A European study of 14,895 children aged five through thirteen showed raw milk to be the strongest factor in reducing the risk of asthma and allergy whether or not the child lived on a farm.

The last speakers for the March 7 meeting were Anthony Brenner and R. Madera. They presented information regarding the sustainability of using industrial hemp as a building material. Such construction can have a positive impact on individuals' health. Industrial hemp and marijuana are two different plants. The United States is the only country in the industrialized world that does not allow its cultivation. Allowing the growth of industrial hemp would be very beneficial to North Carolina farmers, as the fiber is used in the clothing, furniture and construction industries.

April 19, 2012

The Committee held its fifth meeting on Wednesday, April 19, 2012. The meeting consisted of discussion of the Committee's interim report and recommendations to the House of Representatives. No formal presentations were made at this meeting. The Committee discussed a chart listing potential recommendations prepared by the staff at the direction of the cochairs. The chart had been sent earlier to the members of the committee so that they could be prepared to focus their discussion and vote on each listed recommendation. The chart listed nine major recommendations, some of which contained options for implementation. The nine recommendations were:

- To provide for systemic regulatory reform.
- To require additional education for rule violations as an alternative to assessing penalties.
- To allow the sale of raw milk for human consumption.
- To increase the number of eggs that can be direct marketed by farmers without candling and grading.
- To expand "pickle school" programs.
- To exempt farms from the State estate tax.

- To eliminate the sunset on the Sustainable Local Food Advisory Council and to change the Council's name. and
- To create a small business ombudsman at NCDA&CS to work with small farm businesses.

After extensive discussion, the Committee voted to recommend systemic regulatory reform by adding another member of the agricultural community to the Environmental Management Commission and requiring that notice be given to the Board of Agriculture of any proposed rules directly affecting agriculture. The Committee also voted to amend the statutes to clarify that NCDA&CS has the discretion to impose fines or require education for rule violations, to increase the number of eggs that may be sold without candling and grading to 150 dozen per week, and to extend the sunset on the Sustainable Local Foods Policy Council for five years. As a part of its recommendation on the Sustainable Local Food Advisory Council, the Committee also voted to recommend amending the Council's name by removing the term "Sustainable" and by removing the definition of "sustainable" from the Council's authorizing statutes. The Committee agreed to table further discussion of raw milk, pickle schools, the estate tax, and the need for an agriculture ombudsman until after the short session.

May 10, 2012

At the final meeting of the Committee, Wednesday May 10, 2012, the Committee voted to adopt its interim report and forward it to the House of Representatives.

FINDINGS AND RECOMMENDATIONS

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I. The need for a new approach to the development of rules that directly impact agriculture, systemic regulatory reform, was the focus for much of the work of the House Select Committee on Agriculture Regulations. Too often rules that are adopted do not consider the scale of the agricultural operation regulated. The risks posed by large, industrial scale farms can be substantially greater than those posed by small farms growing for the local market. Rules need to be tailored to fit the risk profile of the activity undertaken.

Agriculture is impacted directly by rules from many, diverse agencies. The cost/benefit to the small farmer is not always adequately factored into the decision to promulgate rules.

Finally, the local community is not always well served by punitive enforcement of regulations as it can negatively impact the viability of small farms and the availability of fresh, local foods. Presentations underscored farmers' willingness to comply with regulations, but they often lacked the training and resources to do so. In the past it has been unclear whether NCDA&CS had the discretion to require additional educational and training in response to a rule violation instead of the imposition of monetary penalties. Regulators need to have clear authority to tailor the consequences of a rule violations to the particular circumstances presented. This includes the option to require additional education and training on a standard or rule in lieu of, or in addition to monetary penalties.

To address these issues, the Committee recommends that the General Statutes be amended to allow greater representation of agriculture on the Environmental Management Commission, to direct that notice of rules directly impacting agriculture be given to the Board of Agriculture and to give the Board discretion to require additional education and training for rule violations.

See Legislative Proposal I:

A BILL TO BE ENTITLED AN ACT TO PROVIDE REGULATORY RELIEF FOR FARMERS BY DESIGNATING THAT AN ADDITIONAL REPRESENTATIVE OF AGRICULTURE SHALL BE INCLUDED AMONG THE GENERAL ASSEMBLY'S APPOINTMENTS TO THE ENVIRONMENTAL MANAGEMENT COMMISSION; BY REQUIRING THAT NOTICE BE GIVEN TO THE BOARD OF AGRICULTURE WHEN ANY PROPOSED RULE WOULD DIRECTLY AFFECT AGRICULTURE; AND BY CLARIFYING THAT THE POWER TO ISSUE CIVIL PENALTIES CONFERRED BY STATUTE ON THE COMMISSIONER, BOARD OF AGRICULTURE, PESTICIDE BOARD OR STRUCTURAL PEST CONTROL COMMITTEE INCLUDES THE POWER FOR THOSE BODIES TO DETERMINE THAT NON-MONETARY SANCTIONS, EDUCATION, OR TRAINING ARE SUFFICIENT TO ADDRESS A VIOLATION OF RULE OR STATUTE AS RECOMMENDED BY THE HOUSE SELECT COMMITTEE ON AGRICULTURAL REGULATIONS.

II. The House Select Committee on Agriculture Regulation was asked to consider increasing the number of eggs that could be sold directly to customers without candling and grading. In looking at this issue, the Committee weighed the potential public health risks from increasing the exemption against the public demand for farm eggs and the increased financial viability such sales would generate for small farms. Of considerable import to the Committee was the fact that neighboring states allow significantly more eggs to be sold under their exemptions from candling and grading, without an apparent increase in food borne illness, than North Carolina. Additionally, the federal government exempts farms with less than 3,000 laying hens from its salmonella regulations. Therefore, the Committee recommends that the General Statutes be amended to increase the number of eggs that farmers may sell directly to consumers without candling and grading to 150 dozen per week.

See Legislative Proposal II:

A BILL TO BE ENTITLED AN ACT TO INCREASE SMALL FARM PROFITABILITY BY INCREASING THE EXEMPTION FOR SALES OF UNGRADED EGGS AS RECOMMENDED BY THE HOUSE SELECT COMMITTEE ON AGRICULTURAL REGULATIONS.

III. Much of the information received by the House Select Committee on Agriculture Regulations came as a result of the work done by the North Carolina Sustainable Local Food Advisory Council. The Council was established "to contribute to building a local food economy, thereby benefiting North Carolina by creating jobs, stimulating statewide economic development, circulating money from local food sales within local communities, preserving open space, decreasing the use of fossil fuel, and thus reducing carbon emissions, preserving and protecting the natural environment, increasing access to fresh and nutritious foods, and providing greater food security for all North Carolinians." G.S. 106-830.

The authorizing legislation for the Council is set to expire on July 1, 2012. The Committee believes that the Council should continue its efforts to support and grow a local foods economy in North Carolina and recommends extending the authorization for 5 years. The Committee also recommends that the Council amend its name to The North Carolina Local Food Advisory Council. Changing the name of the Council would serve to distance the Council from the UN Agenda 21 concept of sustainability.

See Legislative Proposal III:

A BILL TO BE ENTITLED AN ACT TO RENAME THE NORTH CAROLINA SUSTAINABLE LOCAL FOOD ADVISORY COUNCIL AS THE NORTH CAROLINA LOCAL FOOD ADVISORY COUNCIL AND TO EXTEND THE SUNSET ON THE LAW ESTABLISHING THE COUNCIL AS RECOMMENDED BY THE HOUSE SELECT COMMITTEE ON AGRICULTURAL REGULATIONS.

COMMITTEE MEMBERSHIP

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2011-2012

Speaker of the House of Representatives Appointments:

Rep. Glen Bradley (Co-Chair)
Rep. Jimmy Dixon (Co-Chair)

Rep. Dewey L. Hill
Rep. James H. Langdon, Jr.
Rep. Frank McGuirt
Rep. Tim Moore
Rep. Larry G. Pittman
Rep. Shirley B. Randleman
Rep. Efton M. Sager
Rep. Edith D. Warren

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COMMITTEE CHARGE/STATUTORY AUTHORITY

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Office of Speaker Thom Tillis
North Carolina House of Representatives
Raleigh, North Carolina 27601-1096

HOUSE SELECT COMMITTEE ON AGRICULTURAL REGULATIONS

*Revised December 12, 2011

TO THE HONORABLE MEMBERS OF THE NORTH CAROLINA HOUSE OF REPRESENTATIVES

Section 1. The House Select Committee on Agricultural Regulations hereinafter "Committee") is established by the Speaker of the House of Representatives pursuant to G.S. 120-19.6(a1) and Rule 26 of the Rules of the House of Representatives of the 2011 General Assembly.

Section 2. The Committee consists of the 9 members listed below, appointed by the Speaker of the House of Representatives. Members serve at the pleasure of the Speaker of the House of Representatives. The Speaker of the House of Representatives may dissolve the Committee at any time.

Representative Jimmy Dixon, Co-Chair
Representative Glen Bradley, Co-Chair
Representative Tim Moore
Representative Efton Sager
Representative J.L. Langdon
Representative Shirley Randleman
Representative Dewey Hill
Representative Frank McGuirt
Representative Edith Warren
Representative Larry Pittman

Section 3. The Committee may study all of the following:

(1) The provisions of House Bill 774, Second Edition, 2011 Regular Session and House Bill 759, First Edition, 2011 Regular Session.

(2) The current availability and need for insurance products to protect agricultural contract growers from financial loss resulting from loss of animals or crops grown under contract due to weather, natural disaster, or other act of God.

(3) Standard contract terms and language used in the agricultural contract growing industry and the need for statutory protections or requirements to protect agricultural contract growers from financial loss due to weather, natural disasters, or other acts of God.

(4) Fire codes for poultry housing. In conducting this part of the study, the Committee may look at the applicability, feasibility, and cost-effectiveness of current requirements for fire ratings, inspections, and fire flow under both the North Carolina Fire Code and under guidelines of the Insurance Services Office. For purposes of this study "North Carolina Fire Code" means the 2006 International Fire Code with 2009 North Carolina Amendments adopted by the State Building Code Council.

(5) Any other matters reasonably relevant to subdivisions (1) through (3) of this section, in the discretion of the Committee.

Section 4. The Committee shall meet upon the call of its Co-Chairs. A quorum of the Committee shall be a majority of its members.

Section 5. The Committee, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and Article 5A of Chapter 120 of the General Statutes.

Section 6. Members of the Committee shall receive per diem, subsistence, and travel allowance as provided in G.S. 120-3.1.

Section 7. The expenses of the Committee including per diem, subsistence, travel allowances for Committee members, and contracts for professional or consultant services shall be paid upon the written approval of the Speaker of the House of Representatives pursuant to G.S. 120-32.02(c) and G.S. 120-35 from funds available to the House of Representatives for its operations.

Section 8. The Legislative Services Officer shall assign professional and clerical staff to assist the Committee in its work. The Director of Legislative Assistants of the House of Representatives shall assign clerical support staff to the Committee.

Section 9. The Committee may submit an interim report on the results of the study, including any proposed legislation, on or before May 1, 2012, by filing a copy of the report with the Office of the Speaker of the House of Representatives, the House Principal Clerk, and the Legislative Library. The Committee shall submit a final report on the results of its study, including any

proposed legislation, to the members of the House of Representatives prior to the convening of the 2013 General Assembly by filing the final report with the Office of the Speaker of the House of Representatives, the House Principal Clerk, and the Legislative Library. The Committee terminates upon the convening of the 2013 General Assembly or upon the filing of its final report, whichever occurs first.

Effective this the 19th day of September, 2011.

Thom Tillis
Speaker

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LEGISLATIVE PROPOSALS

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LEGISLATIVE PROPOSAL I

A BILL TO BE ENTITLED

AN ACT TO PROVIDE REGULATORY RELIEF FOR FARMERS BY DESIGNATING THAT AN ADDITIONAL REPRESENTATIVE OF AGRICULTURE SHALL BE INCLUDED AMONG THE GENERAL ASSEMBLY'S APPOINTMENTS TO THE ENVIRONMENTAL MANAGEMENT COMMISSION; BY REQUIRING THAT NOTICE BE GIVEN TO THE BOARD OF AGRICULTURE WHEN ANY PROPOSED RULE WOULD DIRECTLY AFFECT AGRICULTURE; AND BY CLARIFYING THAT THE POWER TO ISSUE CIVIL PENALTIES CONFERRED BY STATUTE ON THE COMMISSIONER, BOARD OF AGRICULTURE, PESTICIDE BOARD OR STRUCTURAL PEST CONTROL COMMITTEE INCLUDES THE POWER FOR THOSE BODIES TO DETERMINE THAT NON-MONETARY SANCTIONS, EDUCATION, OR TRAINING ARE SUFFICIENT TO ADDRESS A VIOLATION OF RULE OR STATUTE AS RECOMMENDED BY THE HOUSE SELECT COMMITTEE ON AGRICULTURAL REGULATIONS.

The General Assembly of North Carolina enacts:

SECTION 1 . G.S. 143B-283 reads as rewritten:

"**§ 143B-283. Environmental Management Commission – members; selection; removal; compensation; quorum; services.**

(a) The Environmental Management Commission shall consist of 13 members appointed by the Governor. The Governor shall select the members so that the membership of the Commission shall consist of:

(1) One who shall be a licensed physician with specialized training and experience in the health effects of environmental pollution;

(2) One who shall, at the time of appointment, be actively connected with the Commission for Public Health or local board of health or have experience in health sciences;

(3) One who shall, at the time of appointment, be actively connected with or have had experience in agriculture;

(4) One who shall, at the time of appointment, be a registered engineer with specialized training and experience in water supply or water or air pollution control;

(5) One who shall, at the time of appointment, be actively connected with or have had experience in the fish and wildlife conservation activities of the State;

(6) One who shall, at the time of appointment, have special training and scientific expertise in hydrogeology or groundwater hydrology;

(7) Three members interested in water and air pollution control, appointed from the public at large;

(8) One who shall, at the time of appointment, be actively employed by, or recently retired from, an industrial manufacturing facility and knowledgeable in the field of industrial air and water pollution control;

(9) One who shall, at the time of appointment, be actively connected with or have had experience in pollution control problems of municipal or county government;

(10) One who shall, at the time of appointment, have special training and scientific expertise in air pollution control and the effects of air pollution; and

(11) One who shall, at the time of appointment, have special training and scientific expertise in freshwater, estuarine, marine biological, or ecological sciences.

(b) Members appointed by the Governor shall serve terms of office of six years. Any appointment to fill a vacancy on the Commission created by the resignation, dismissal, death or disability of a member shall be for the balance of the unexpired term. The Governor may reappoint a member of the Commission to an additional term if, at the time of the reappointment, the member qualifies for membership on the Commission under subsection (a) of this section.

(b1) The Governor shall have the power to remove any member of the Commission from office for misfeasance, malfeasance, or nonfeasance in accordance with the provisions of G.S. 143B-13 of the Executive Organization Act of 1973.

(b2) The members of the Commission shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

(b3) A majority of the Commission shall constitute a quorum for the transaction of business.

(b4) All clerical and other services required by the Commission shall be supplied by the Secretary of Environment and Natural Resources.

(c) Nine of the members appointed by the Governor under this section shall be persons who do not derive any significant portion of their income from persons subject to permits or enforcement orders under this Chapter. The Governor shall require adequate disclosure of potential conflicts of interest by members. The Governor, by executive order, shall promulgate criteria regarding conflicts of interest and disclosure thereof for determining the eligibility of persons under this section, giving due regard to the requirements of federal legislation, and for this purpose may promulgate rules, regulations or guidelines in conformance with those established by any federal agency interpreting and applying provisions of federal law.

(d) In addition to the members designated by subsection (a) of this section, the General Assembly shall appoint six members, three upon the recommendation of the Speaker of the House of Representatives, and three upon the recommendation of the President Pro Tempore of the Senate. Of the six members appointed by the General Assembly, one member shall, at the time of appointment, be actively connected with or have had experience in agriculture. Appointments by the General Assembly shall be made in accordance with G.S. 120-121, and vacancies in those appointments shall be

filled in accordance with G.S. 120-122. Members appointed by the General Assembly shall serve terms of two years."

SECTION 2. G.S. 150B-21.2 is reads as rewritten:

"**§ 150B-21.2. Procedure for adopting a permanent rule.**

(a) Steps. – Before an agency adopts a permanent rule, the agency must comply with the requirements of G.S. 150B-19.1, and it must take the following actions:

(1) Publish a notice of text in the North Carolina Register.

(2) When required by G.S. 150B-21.4, prepare or obtain a fiscal note for the proposed rule.

(3) Repealed by Session Laws 2003-229, s. 4, effective July 1, 2003.

(4) When required by subsection (e) of this section, hold a public hearing on the proposed rule after publication of the proposed text of the rule.

(5) Accept oral or written comments on the proposed rule as required by subsection (f) of this section.

(a1) Additional notice for certain rules. – If a proposed rule would have a direct impact on agriculture, the agency must provide a notice meeting the requirements of subsection (c) of this section to the Board of Agriculture. For purposes of this subsection, the term "agriculture" shall have the same meaning as in G.S. 106-581.1.

(b) Repealed by Session Laws 2003-229, s. 4, effective July 1, 2003.

(c) Notice of Text. – A notice of the proposed text of a rule must include all of the following:

(1) The text of the proposed rule.

(2) A short explanation of the reason for the proposed rule and a link to the agency's Web site containing the information required by G.S. 150B-19.1(c).

(3) A citation to the law that gives the agency the authority to adopt the rule.

(4) The proposed effective date of the rule.

(5) The date, time, and place of any public hearing scheduled on the rule.

(6) Instructions on how a person may demand a public hearing on a proposed rule if the notice does not schedule a public hearing on the proposed rule and subsection (e) of this section requires the agency to hold a public hearing on the proposed rule when requested to do so.

(7) The period of time during which and the person to whom written comments may be submitted on the proposed rule.

(8) If a fiscal note has been prepared for the rule, a statement that a copy of the fiscal note can be obtained from the agency.

(9) The procedure by which a person can object to a proposed rule and the requirements for subjecting a proposed rule to the legislative review process.

(d) Mailing List. – An agency must maintain a mailing list of persons who have requested notice of rulemaking. When an agency publishes in the North Carolina Register a notice of text of a proposed rule, it must mail a copy of the notice or text to each person on the mailing list who has requested notice on the subject matter described in the notice or the rule affected. An agency may charge an annual fee to each person on the agency's mailing list to cover copying and mailing costs.

(e) Hearing. – An agency must hold a public hearing on a rule it proposes to adopt if the agency publishes the text of the proposed rule in the North Carolina Register and the agency receives a written request for a public hearing on the proposed rule within 15 days after the notice of text is published. The agency must accept comments at the public hearing on both the proposed rule and any fiscal note that has been prepared in connection with the proposed rule.

An agency may hold a public hearing on a proposed rule and fiscal note in other circumstances. When an agency is required to hold a public hearing on a proposed rule or decides to hold a public hearing on a proposed rule when it is not required to do so, the agency must publish in the North Carolina Register a notice of the date, time, and place of the public hearing. The hearing date of a public hearing held after the agency publishes notice of the hearing in the North Carolina Register must be at least 15 days after the date the notice is published. If notice of a public hearing has been published in the North Carolina Register and that public hearing has been cancelled, the agency shall publish notice in the North Carolina Register at least 15 days prior to the date of any rescheduled hearing.

(f) Comments. – An agency must accept comments on the text of a proposed rule that is published in the North Carolina Register and any fiscal note that has been prepared in connection with the proposed rule for at least 60 days after the text is published or until the date of any public hearing held on the proposed rule, whichever is longer. An agency must consider fully all written and oral comments received.

(g) Adoption. – An agency shall not adopt a rule until the time for commenting on the proposed text of the rule has elapsed and shall not adopt a rule if more than 12 months have elapsed since the end of the time for commenting on the proposed text of the rule. Prior to adoption, an agency shall review any fiscal note that has been prepared for the proposed rule and consider any public comments received in connection with the proposed rule or the fiscal note. An agency shall not adopt a rule that differs substantially from the text of a proposed rule published in the North Carolina Register unless the agency publishes the text of the proposed different rule in the North Carolina Register and accepts comments on the proposed different rule for the time set in subsection (f) of this section.

An adopted rule differs substantially from a proposed rule if it does one or more of the following:

(1) Affects the interests of persons who, based on the proposed text of the rule published in the North Carolina Register, could not reasonably have determined that the rule would affect their interests.

(2) Addresses a subject matter or an issue that is not addressed in the proposed text of the rule.

(3) Produces an effect that could not reasonably have been expected based on the proposed text of the rule.

When an agency adopts a rule, it shall not take subsequent action on the rule without following the procedures in this Part. An agency must submit an adopted rule to the Rules Review Commission within 30 days of the agency's adoption of the rule.

(h) Explanation. – An agency must issue a concise written statement explaining why the agency adopted a rule if, within 15 days after the agency adopts the rule, a person asks the agency to do so. The explanation must state the principal reasons for

and against adopting the rule and must discuss why the agency rejected any arguments made or considerations urged against the adoption of the rule. The agency must issue the explanation within 15 days after receipt of the request for an explanation.

(i) Record. – An agency must keep a record of a rule-making proceeding. The record must include all written comments received, a transcript or recording of any public hearing held on the rule, any fiscal note that has been prepared for the rule, and any written explanation made by the agency for adopting the rule."

SECTION 3. Part 3 of Article 1 of Chapter 106 of the General Statutes is amended by adding a new section to read:

"**§ 106-22.6.**

When any provision of Chapter 81A, 106, or 143 provides the Commissioner, Board of Agriculture, Pesticide Board or Structural Pest Control Committee with the power to assess civil penalties, such authority shall not be read to require the issuance of a monetary penalty when the Commissioner or Board determines that non-monetary sanctions, education, or training are sufficient to address the underlying violation.

SECTION 4. This act is effective when it becomes law.

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LEGISLATIVE PROPOSAL II

A BILL TO BE ENTITLED

AN ACT TO INCREASE SMALL FARM PROFITABILITY BY INCREASING THE EXEMPTION FOR SALES OF UNGRADED EGGS AS RECOMMENDED BY THE HOUSE SELECT COMMITTEE ON AGRICULTURAL REGULATIONS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 106-245.15 reads as rewritten:

"**§ 106-245.15. Designation of grade and class on containers required; conformity with designation; exemption.**

No person shall market to consumers, institutional consumers or retailers or expose for that purpose any eggs unless there is clearly designated therewith on the container the grade and size or weight class established in accordance with the provisions of this Article and such eggs shall conform to the designated grade and size or weight class (except when sold on contract to a United States governmental agency); provided, however, a producer marketing eggs of his own production shall be exempt from this section when such marketing occurs on the premises where the eggs are produced, processed, or when ungraded sales do not exceed ~~30~~ 150 dozen per week."

SECTION 2. This act is effective when it becomes law.

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LEGISLATIVE PROPOSAL III

A BILL TO BE ENTITLED

AN ACT TO RENAME THE NORTH CAROLINA SUSTAINABLE LOCAL FOOD ADVISORY COUNCIL AS THE NORTH CAROLINA LOCAL FOOD ADVISORY COUNCIL AND TO EXTEND THE SUNSET ON THE LAW ESTABLISHING THE COUNCIL AS RECOMMENDED BY THE HOUSE SELECT COMMITTEE ON AGRICULTURAL REGULATIONS.

The General Assembly of North Carolina enacts:

SECTION 1. Section 4 of S.L. 2009-530 reads as rewritten:

"**SECTION 4.** This act is effective when it becomes law and shall expire on July 31, ~~2012.~~ 2017."

SECTION 2. Article 70 of Chapter 106 of the General Statutes reads as rewritten:

"Article 70.

North Carolina ~~Sustainable~~ Local Food Advisory Council.

§ 106-830. (For expiration date, see note) Purpose; definitions.

(a) Purpose. – It is the purpose of the North Carolina ~~Sustainable~~ Local Food Advisory Council to contribute to building a local food economy, thereby benefiting North Carolina by creating jobs, stimulating statewide economic development, circulating money from local food sales within local communities, preserving open space, decreasing the use of fossil fuel and thus reducing carbon emissions, preserving and protecting the natural environment, increasing consumer access to fresh and nutritious foods, and providing greater food security for all North Carolinians. Recognizing the positive contributions of North Carolina's agricultural sector to the State's economy and environmental quality, it is the intent of the General Assembly that the Council consider and develop policies regarding the following subjects as they relate to North Carolinians:

(1) Health and wellness.

(2) Hunger and food access.

(3) Economic development.

(4) Preservation of farmlands and water resources.

(b) ~~Definitions. –~~ As used in this ~~Article, the following definitions apply:~~

~~(1) Sustainable food. – An integrated system of plant and animal production practices that have a site-specific application and that over the long term are able to do all of the following:~~

~~a. Satisfy human food and fiber needs.~~

~~b. Enhance environmental quality and the natural resource base upon which the agriculture economy depends.~~

~~c. Sustain the economic viability of farm operations.~~

~~d. Enhance the quality of life for farmers and the society as a whole.~~

~~(2) Local food. Food~~ Article "local food" shall mean food grown within the borders of North Carolina.

"**§ 106-831. (For expiration date, see note) The North Carolina ~~Sustainable~~ Local Food Advisory Council; creation; membership; terms.**

(a) Council Established; Membership. – The North Carolina ~~Sustainable~~ Local Food Advisory Council is hereby created within the Department of Agriculture and Consumer Services. The Council shall consist of 27 members as follows:

(1) The Commissioner of Agriculture or the Commissioner's designee, ex officio.

(2) The State Health Director or the State Health Director's designee, ex officio.

(3) The Secretary of Commerce or the Secretary's designee, ex officio.

(4) Two local organic food producers, one of which is an organic animal producer and one of which is an organic crop producer, to be appointed by the Speaker of the House of Representatives.

(5) ~~Two~~ Four local ~~conventional~~ food producers, ~~one~~ two of which ~~is an~~ are animal ~~producer~~ producers and ~~one~~ two of which ~~is a~~ are crop ~~producer,~~ producers, to be appointed by the Commissioner of Agriculture.

~~(6) Two local sustainable food producers, one of which is an animal producer and one of which is a crop producer, to be appointed by the Commissioner of Agriculture.~~

(7) One representative of the commercial fishing industry, to be appointed by the President Pro Tempore of the Senate.

(8) One representative of the NC State Grange, to be appointed by the Speaker of the House of Representatives.

(9) One representative of the North Carolina Farm Bureau Federation, Inc., to be appointed by the Speaker of the House of Representatives.

(10) One representative of the Sea Grant College Program at The University of North Carolina, to be appointed by the President Pro Tempore of the Senate.

(11) One representative of the Carolina Farm Stewardship Association, to be appointed by the Governor.

(12) One representative of the Center for Environmental Farming Systems, a partnership among North Carolina State University, North Carolina Agricultural and Technical State University, and the Department of Agriculture and Consumer Services, to be appointed by the Governor.

(13) One representative of the North Carolina Association of Black Lawyers' Land Loss Prevention Project, Inc., to be appointed by the Commissioner of Agriculture.
(14) One representative of the Appalachian Sustainable Agriculture Project, to be appointed by the President Pro Tempore of the Senate.
(15) One representative of the Center for Community Action, Inc., to be appointed by the Commissioner of Agriculture.
(16) One representative of the North Carolina Association of County Commissioners, to be appointed by the President Pro Tempore of the Senate.
(17) One representative of the Department of Public Instruction, Child Nutrition Services Section, to be appointed by the President Pro Tempore of the Senate.
(18) One representative of the North Carolina Cooperative Extension Service, jointly administered by North Carolina State University and North Carolina Agricultural and Technical State University, to be appointed by the Governor.
(19) One representative of the Center for Health Promotion and Disease Prevention at the University of North Carolina at Chapel Hill, to be appointed by the President Pro Tempore of the Senate.
(20) One representative of a food bank located in North Carolina, to be appointed by the Governor.
(21) One representative of the food retail or food service industry, to be appointed by the Governor.
(22) One representative of the North Carolina Farm Transition Network, Inc., to be appointed by the Speaker of the House of Representatives.
(23) One representative of the North Carolina Rural Economic Development Center, Inc., to be appointed by the Speaker of the House of Representatives.
(24) One representative of a business engaged in the processing, packaging, or distribution of food, to be appointed by the Speaker of the House of Representatives, in consultation with the NC Agribusiness Council.

(b) Terms. – Appointments to the Council shall be for a term of three years. Terms shall be staggered so that eight terms shall expire on June 30 of each year, except that members of the Council shall serve until their successors are appointed and duly qualified as provided by G.S. 128-7.

(c) Chair. – The Council shall have one chair. The Council shall, by a majority of the members, select the chair every other year from among those members of the Council.

(d) Vacancies. – Any vacancy on the Council resulting from the resignation of a member or otherwise shall be filled in the same manner in which the original appointment was made, and the term shall be for the balance of the unexpired term of the member who created the vacancy.

(e) Compensation. – The Council members shall receive no salary as a result of serving on the Council but shall receive per diem, subsistence, and travel expenses in accordance with G.S. 120-3.1, 138-5, or 138-6, as applicable.

(f) Removal. – Members may be removed in accordance with G.S. 143B-13 as if that section applied to this Article.

(g) Meetings. – The chair shall call the meetings and shall notify the members of each meeting being called at least seven days before the date on which the meeting is to occur. Meetings shall be held as often as the chair deems necessary but not less than four times each calendar year. The chair shall arrange for the location and staffing of the meetings, the costs of which shall be borne by the Council from funds made available to the Council to conduct business.

(h) Quorum. – A quorum of the Council shall consist of 13 members of the Council for the transaction of business.

(i) Meeting Space. – The Department of Agriculture and Consumer Services shall provide without compensation meeting space in Raleigh for use by the Council.

"**§ 106-832. (For expiration date, see note) The North Carolina ~~Sustainable~~ Local Food Advisory Council; duties.**

In developing ~~sustainable~~ local food programs and policies for North Carolina, the Council may consider any of the following programmatic and policy issues:

(1) An in-depth assessment of the foods that are served to public school students under the National School Lunch Program and the School Breakfast Program, including the possibility of increasing the amount of ~~sustainable~~ local food used in these programs.

(2) An in-depth analysis of the possibility of making ~~sustainable~~ local food available under public assistance programs, including the possibility of being able to use food stamps at local farmers markets.

(3) An in-depth analysis of the possibility of promoting urban gardens and backyard gardens for the purpose of improving the health of citizens, making use of idle urban property, and lowering food costs for North Carolina urban dwellers during times of economic hardship.

(4) An in-depth analysis of the potential impacts that the production of ~~sustainable~~ local food would have on economic development in North Carolina, both the direct impacts for the producers of ~~sustainable~~ local food and the actual and potential indirect impacts, such as encouraging restaurants that feature locally

raised agricultural products and promoting food and wine tourism.

(5) Issues regarding how local and regional efforts could promote a ~~sustainable~~ local food economy by providing an information and engagement center that would assist entrepreneurs and farmers in working around any current barriers and in pursuing opportunities related to a ~~sustainable~~ local food economy.

(6) Issues regarding the identification and development of solutions to regulatory and policy barriers to developing a strong ~~sustainable~~ local food economy.

(7) Issues regarding strengthening local infrastructure and entrepreneurial efforts related to a ~~sustainable~~ local food economy.

(8) Any other program and policy issues the Council considers pertinent.

"**§ 106-833. (For expiration date, see note) The North Carolina ~~Sustainable~~ Local Food Advisory Council; report requirement.**

No later than October 1 of each year, the Council shall report its findings and recommendations, including any legislative proposals or proposals for administrative action, to the General Assembly, the Governor, and the Commissioner of Agriculture**."**

SECTION 3. This act is effective when it becomes law.