

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: House Bill 457 - 3rd Edition
SHORT TITLE: Amend Forest Development Act
SPONSOR(S): Representative Weatherly

FISCAL IMPACT				
Yes (X)	No ()	No Estimate Available ()		
<u>FY 1997-98</u>	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>
REVENUES				
Between \$195,000 and \$260,000 in earned interest annually				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Primary Forest Produce Assessment Act				
EFFECTIVE DATE: When it becomes law				

BILL SUMMARY:

The proposed act amends General Statute 113A-178 to provide that landowners who do not maintain for ten years the areas and trees for which they have received cost-sharing funds must repay those funds to the Forest Development Fund. The word "maintain" is defined as making every reasonable effort to protect the reforested area from destructive fire and grazing, insects, disease, noxious weeds, and unauthorized clearing of trees. Also amends G.S. 113A-183 to provide that funds in the Forest Development Fund, including funds appropriated from the General Fund, do not revert and that interest on the funds shall be credited to the Forest Development Fund. Also eliminates provision restricting expenditures from Forest Development Fund to four times the amount of General Fund appropriations for that year.

The original bill, replaced by the House Committee Substitute, included a requirement that eligible landowners maintain approved practices for 10 years, and repay cost-sharing funds if they do not. Substitute replaces this requirement with provision for written agreement under which landowner agrees to maintain practices for 10 years and repay funds if they fail to do so. Provides for continuation of approved practices during 10-year period if original landowner relinquishes control or title to land.
 Source: Institute of Government Bill Digest

ASSUMPTIONS AND METHODOLOGY:

The fund annually maintains a balance of \$3 to \$4 million in cost sharing assistance that is obligated for approved projects. (After a project is approved landowners are given one year to begin and one year to complete the project. There are also cases where extensions are granted. Once a project has been approved the amount is designated within the fund and is disbursed when the project is complete.) The current interest rate on short term investments, made by the State Treasurer, is 6.486%. The expected gain in earned interest, based on the stated balance, is between \$195,000 and \$260,00 annually.

Source: Division of forest Resources; Dept. of Environment, Health, and Natural Resources

FISCAL RESEARCH DIVISION: 733-4910

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DATE: July 7, 1997



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