

Protecting Natural Resources and Communities for the Future

Recommendation

Invests over \$148 million to conserve the state’s land and water resources and to build community resilience to natural disasters. These investments promote land conservation through tax credits, reinforce ongoing efforts to preserve the state’s natural and working lands, and aim to mitigate future damages from storms, flooding, and wildfires. General Fund net appropriation and receipts from the State Emergency Response and Disaster Relief Fund (SERDRF) and the State Capital Infrastructure Fund (SCIF) support these important investments.

Table 1: Allocation of Funds to Support Conservation/Natural and Working Lands and Resiliency

	Agency	Recurring	Nonrecurring
Conservation/Natural and Working Lands			
Parks and Recreation Trust Fund (PARTF)	DNCR	\$2,000,000	\$30,000,000
North Carolina Land and Water Fund (NCLWF)	DNCR	\$2,000,000	\$30,000,000
Agricultural Development and Farmland Preservation Trust Fund (ADFPTF)	DACS	\$2,461,757	\$12,267,132
Agricultural Water Resources Assistance Program	DACS		\$1,000,000
Sustainability and Energy Efficiency	DAC	\$1,000,000	
Natural and Working Lands Coordinator	DNCR	\$101,000	
	Sub Total	\$7,562,757	\$73,267,132
Resiliency			
Streamflow Rehabilitation Assistance Program	DACS		\$20,000,000
State Property Fire Fund	OSFM		\$20,000,000
Coastal Resilient Roof Grant Program	OSBM		\$5,000,000
Coastal Resiliency	DEQ		\$5,000,000
NC Forest Service Emergency Response	DACS		\$4,980,000
Equipment Replacement	DEQ		\$4,000,000
Flood Resiliency Blueprint	DEQ		\$3,000,000
Water Resources Development Grants – State and Local Projects	DEQ		\$3,000,000
Emergency Programs Mobile Depopulation Unit	DACS		\$300,000
Hazardous Dam Loans	DEQ	\$269,182	\$7,000
	Sub Total	\$269,182	\$62,287,000
Totals for Recurring and Nonrecurring		\$7,831,939	\$135,554,132
Tax Credits			
Conservation Tax Credit		\$4,700,000	
Grand Total			\$148,086,071

Statement of Need

With natural disasters growing in intensity and frequency, the state must implement policies and programs to mitigate damage from disasters. Natural and working lands, such as forests, agricultural lands, wetlands, and urban greenspace, need protection to maintain benefits, such as flood mitigation,

agricultural prosperity, carbon storage, and recreational opportunities, that contribute to a desirable quality of life. In 2024, Executive Order 305 set new statewide goals to conserve one million acres on natural lands with a special focus on wetlands, restore one million acres of forests and wetlands, and plant one million trees all by 2040.¹

- Agriculture is North Carolina’s top industry with an annual economic impact of \$103.2 billion as of July 2023, employing about 20% of the state’s workforce and contributing to a stable food supply.² However, North Carolina ranks second nationally for farmland loss, with a projected loss of 1.2 million acres by 2040.³
- Agricultural land provides environmental benefits when the land is managed properly. With good stewardship, agricultural land can sequester carbon in the soil, protect water quality, and provide a habitat for diverse wildlife and native species.⁴
- Parks, greenways, trails, and public water accesses across the state bolster quality of life for North Carolinians, which contributes to net population migration to our state. While North Carolina currently has more than 3.5 million acres of recreational land and water, service gaps exist due to increasing population and demand.⁵ Protecting, enhancing, and expanding natural areas and greenspace across North Carolina provides wide community benefits and supports the outdoor recreation economy.⁶
- Natural and working lands are critical to the United States Department of Defense’s mission. The conservation, restoration, and preservation of natural, working, and rural characteristics of key “sentinel” landscapes protects vital testing and training missions conducted on the many military installations across North Carolina.⁷
- The state’s approximately 12,000 miles of estuarine shoreline and 3.9 million acres of wetlands provide flood and erosion control, water quality improvements, maintenance of streamflow and groundwater levels, carbon sequestration, and habitat protection. Since 2006, wetland loss in the coastal plains has surpassed 130,000 acres, which puts coastal communities at greater risk of flooding.⁸ Changes in federal and state wetlands protections in 2023 make these ecosystems more vulnerable to degradation.
- According to the 2024 North Carolina Greenhouse Gas Inventory, the State’s natural and working lands, such as forests, wetlands, and healthy farms, sequester 34% of all of North Carolina’s greenhouse gas emissions.⁹
- Natural disasters such as hurricanes, tornadoes, and wildfires cause substantial damage. North Carolina experienced two such disasters between 2016-2018: Hurricanes Matthew and Florence

¹ Governor Roy Cooper, [Executive Order 305](#).

² NC Department of Agriculture and Consumer Services (DACS), [Press Release: Economic Impact of NC Agriculture & Agribusiness](#).

³ NC DACS, [Farmland Preservation](#).

⁴ American Farmland Trust, [Farms Under Threat 2040: Choosing an Abundant Future](#).

⁵ NC Department of Natural and Cultural Resources (DNCR) – Division of Parks & Recreation, [North Carolina Outdoor Recreation Plan 2020-2025](#).

⁶ DNCR – Division of Parks & Recreation, [North Carolina Outdoor Recreation Plan 2020-2025](#).

⁷ [Sentinel Landscapes Partnership](#).

⁸ NC Department for Environmental Quality (DEQ), [North Carolina Wetland Program Plan](#).

⁹ DEQ, [2024 Greenhouse Gas Emissions Inventory](#).

caused about \$21.5 billion in losses, predominantly in coastal counties.¹⁰ In 2023, Tropical Storms Idalia and Ophelia and other storms caused flooding in coastal counties and further inland. However, tropical storms and hurricanes threaten all areas of the state. In 2021, Tropical Storm Fred brought record-breaking floods that caused \$18 million dollars of damage and killed six people in Western North Carolina.¹¹

- Other weather events threaten North Carolina. In 2023, the state also suffered 26 tornadoes that incurred the most property and crop damage since 2011¹² and 5,101 wildfires that burned 18,748 acres. North Carolina experienced three straight years of more than 5,000 wildfires from 2021-2023 for only the second time since 1928.¹³
- The state will continue to face risks from natural disasters: the North Carolina Climate Science Report projects that North Carolina is likely to face increased heavy precipitation related to hurricanes and other storms, which would make freshwater flooding more likely. The report also notes that the conditions that lead to wildfires is likely to increase in the state.¹⁴
- Mitigation measures will help North Carolina prepare for these increasing events. The National Institute for Building Sciences found that federal mitigation grants saved \$6 in future losses for every dollar spent on construction and maintenance costs of resilience initiatives.¹⁵
- These budget provisions support the recommendations of the North Carolina Climate Risk Assessment and Resilience Plan and the 2020 North Carolina Natural and Working Lands Action Plan.¹⁶ The plans were developed in consultation with more than one hundred diverse subject matter experts and stakeholders and are specific to North Carolina’s conservation and resilience needs and challenges.

Recommendation Detail

Conservation/Natural and Working Lands

1. **Parks and Recreation Trust Fund (PARTF):** Provides an additional \$2 million recurring and \$30M nonrecurring to the Department of Natural and Cultural Resources (DNCR) to support PARTF with improvements to state parks, matching grants for local parks and recreation projects, and access to the state’s beaches and coastline. With this investment, PARTF will have a \$30M recurring budget.
2. **North Carolina Land and Water Fund (NCLWF):** Provides an additional \$2 million recurring and \$30M nonrecurring to DNCR to support NCLWF with grants for projects that protect and restore the state's land and water resources, preserve military buffers, restore degraded streams, and develop and improve stormwater treatment. With this investment, NCLWF will have a \$30M recurring budget.
3. **Agricultural Development and Farmland Preservation Trust Fund (ADFPTF):** Expands support for ADFPTF with \$2,461,757 recurring funds for the Department of Agriculture & Consumer Services (DACCS) to help the state preserve farmland through grants for conservation easements,

¹⁰ Governor Roy Cooper, [Hurricane Florence Recovery Recommendations](#).

¹¹ North Carolina Department of Public Safety, [Tropical Storm Fred Public Action Plan](#).

¹² The Citizen Times, [A History of Twisters: Tornadoes in North Carolina 2023](#).

¹³ NC Forest Service, [Wildfire and Acreage Statistics: 1928- Present](#).

¹⁴ NC Institute for Climate Studies, [North Carolina Climate Science Report](#).

¹⁵ National Institute of Building Sciences, [Natural Hazard Mitigation Saves](#).

¹⁶ State of North Carolina, [North Carolina Climate Risk Assessment and Resilience Plan](#). State of North Carolina, [North Carolina Natural and Working Lands Action Plan](#).

farmland preservation plans, and agricultural development projects. An additional \$4,767,132 nonrecurring will be provided for military partnership easements and an additional \$7.5 million nonrecurring for farmland preservation. With this investment, ADFPTF will have a \$7.5 million recurring budget.

4. **Agricultural Water Resources Assistance Program (AgWRAP):** Provides an additional \$1 million nonrecurring funds from SERDRF to DACS for AgWRAP to support agricultural water supply and efficiency increases for agricultural water use, with a focus on increasing assistance for on-farm water storage. On-farm water storage is beneficial for reducing demand on groundwater resources, increasing access to irrigation to improve farm yield, and reducing runoff from agricultural lands that significantly reduces flooding.
5. **Sustainability and Energy Efficiency:** Expands sustainability and conservation efforts, including forest preservation, enhanced water and lighting management systems, and equipment battery replacement, at the Department of Adult Correction (DAC) with \$1 million recurring. DAC manages over 1,040 acres of natural lands and 54 correctional facilities. This funding will allow the department to better incorporate sustainability into its operations, reducing utility costs.
6. **Natural and Working Lands Coordinator:** Provides \$101,000 recurring to DNCR to fund a position to update the map layers in the NC Conservation Planning Tool (CPT), which aggregates land conservation and restoration priorities of state agencies into one comprehensive map. The CPT provides a framework for future growth and conservation decisions. This position will also keep current the Natural and Working Lands Action Plan, the Biannual Protection Plan, and the Nature Heritage Program Biennial Report.

Resiliency

1. **Streamflow Rehabilitation Assistance Program:** Provides \$20 million nonrecurring from the SERDRF to DACS for grants to support organizations working to reduce flooding through the restoration and maintenance of streams, waterways, and drainage infrastructure across the state.
2. **State Property Fire Fund (SPFF):** Bolsters the SPFF with \$20 million nonrecurring from the SERDRF to the Office of the State Fire Marshal (OSFM). Of these funds, \$10M will be used to reimburse the fund for payments made to UNC-Wilmington, and \$10M will be used to sustain the SPFF so that the state can cover increased premium rates without depleting the fund.
3. **Coastal Resilient Roof Grant Program:** Continues a directed grant to the North Carolina Insurance Underwriting Association, providing \$5 million from the SERDRF for grants to create storm-resistant houses by strengthening roofs against natural disasters. To be eligible for the FY 2024-25 funding, an application must be for a primary residence in a coastal area.
4. **Coastal Resiliency:** Supports coastal resilience by providing funds to the Department of Environmental Quality (DEQ) to strengthen the application for \$68.5 million from the National Oceanic and Atmospheric Administration. The NC Coastal Federation and the Division of Coastal Management have partnered on this funding opportunity. These funds will support investments in living shorelines, the Resilient Coastal Communities Program, stormwater improvements, and land conservation to protect against extreme weather in the 20 coastal counties.
5. **North Carolina Forest Service Emergency Response Equipment Replacement:** Provides \$5 million nonrecurring for new and replacement equipment for the NC Forest Service within DACS. These investments will enable the Forest Service to effectively conduct prescribed fires and contain wildfires, which will increase the resiliency of forested ecosystems and reduce the incidence of catastrophic wildfires.

6. **Flood Resiliency Blueprint:** Supports coastal modeling for the Flood Resiliency Blueprint within DEQ with \$4 million from the SERDRF. This funding will enhance the Flood Resiliency Blueprint with more data about impacts from storm surge and coastal flooding, which will inform resilience projects in coastal communities.
7. **Water Resources Development Grants – State and Local Projects:** Provides \$3 million in nonrecurring funds from the SCIF to DEQ for matching funds to draw down federal allocations for Environmental Quality Incentives Program grants that support nature-based projects. These solutions incorporate natural features and processes in the environment, such as managing water levels and plant growth in wetlands, to promote adaptation and resilience. These funds will allow DEQ to distribute more grants to implement water resource development projects that provide significant environmental, economic, and social benefits to communities.
8. **Emergency Programs Mobile Depopulation Unit:** Provides \$300,000 nonrecurring to DACS from the SERDRF to replace the trailers required for transporting mobile units designed to quickly depopulate swine following disease outbreaks, natural disasters, or other catastrophic events.
9. **Hazardous Dam Loans:** Establishes two positions at DEQ with \$269,182 recurring and \$7,000 nonrecurring to leverage federal funds for dam repairs. These positions will administer a new loan program to take advantage of an estimated \$50 million in federal funds available.

Tax Credits

1. **Conservation Tax Credit:** Establishes a new Conservation Tax Credit to support land conservation efforts. This incentive will increase investments in farmland preservation, fish and wildlife conservation, floodplain protection, forestland preservation, historic landscape conservation, military buffer, and public trails or access to public land. Eligible taxpayers may receive a 25% tax credit of the fair market value of the donated property interest, not to exceed \$250,000 for individuals or \$500,000 for qualified married couples.
 - Land Conservation Credit Expenditure Projection: Table 2 provides a five-year projection of tax credits awarded and the fiscal impact for the tax credits. Based on the credits awarded, the projected land value conserved over the five years is between \$1.1 and \$1.3 billion with an expected land area conserved between 130,000 and 145,000 acres.

Table 2: Estimated Impact of the Conservation Tax Credit

Millions	2025	2026	2027	2028	2029
Projected Credits Awarded (Tax Year)	\$ 39.6	\$ 41.2	\$ 42.8	\$ 44.5	\$ 46.3
Projected Revenue Impact (Fiscal Year)	-\$ 4.7	-\$ 17.7	-\$ 27.5	-\$ 34.4	-\$ 39.0

Expected Impact

These investments will preserve North Carolina’s land and water resources and protect communities from natural disasters. Expected impacts from these initiatives include:

- Conserves over 130,000 acres of vulnerable land and awards landowners \$214.4 million in tax credits in the next five years.
- Fosters improvements in state park infrastructure and land protection, strengthening local parks and communities, providing more space for recreation, and increasing North Carolina’s appeal.

- Addresses the 72% increase in demand for agricultural conservation easements since the last ADFPTF grant cycle and permanently preserves over 1,922 acres of private working farms and forests in military priority zones.
- Improves conservation and sustainability at state correctional institutions, such as the seven DAC facilities with areas set aside under the NC Natural Heritage Program.
- Updates map layers in the NC Conservation Planning Tool to streamline and coordinate conservation decisions.
- Supports a minimum of ten new or repaired ponds that will provide additional stormwater storage capacity and reduce flooding risk.
- Reduces flooding from rivers and streams by funding an estimated 60 local grants to protect and restore drainage infrastructure.
- Protects homes in coastal communities from wind damage during hurricanes, replacing or strengthening about 1,875 roofs for households in coastal communities. These enhancements reduce claims reported by 34.5% and loss per building by 22.7%.¹⁷
- Enables the NC Forest Service to effectively administer prescribed burns to help maintain forestland health, support natural habitat development, and minimize wildfire risk across the nearly 18 million acres of forestland under state fire protection.
- Strengthens the effectiveness of the Flood Resiliency Blueprint (Blueprint) through high-quality coastal modeling that identifies areas with the highest potential for flood damage from storm surge, king tides, and other events. This new data will enable local communities to better prepare and provide science-based information for the prioritization of flood resiliency projects that align with the Blueprint's river basin action strategies.
- Leverages federal funding for conservation and resilience efforts, including increasing access for owners of smaller, high-hazard dams to make key safety repairs for flood, hurricane, and storm damage reduction. These loans will also help restore the environment through funding small dam removal projects.

¹⁷ NC Insurance Underwriting Association, *A Report on the North Carolina Insurance Underwriting Association's Coastal Resilient Roof Grant Pilot Program*.