



## 2014 North Carolina Rules with Economic Impact

- **Schedule of Anticipated Rule Actions**
- **Rules that Affected Local Governments**

Prepared by the North Carolina Office of State  
Budget and Management,  
Office of the Governor

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## **Background**

On May 17, 1994, Governor James B. Hunt Jr. issued the Executive Order No. 49 entitled “Fiscal Notes on Administrative Rules Affecting Local Governments.” The Executive Order set forth policies and procedures for state agencies to follow when proposing permanent rules with an impact on local governments. Through Session Law 1995-415, the General Assembly incorporated these policies, as well as other changes, in G.S. 150B-21.28 of the Administrative Procedure Act (APA). The revised APA increases state agencies’ awareness of the effect proposed rules would have on local governments and enables local governments to be more involved in estimating the fiscal impact of permanent rules on local budgets.

According to requirements in the APA, the North Carolina Office of State Budget and Management (OSBM) prepares annually a report containing a schedule of anticipated rule actions in the upcoming fiscal year, as well as a summary of the projected economic impact on local governments of rules adopted in the preceding fiscal year. OSBM provides a copy of this annual report to the Governor, the General Assembly, the North Carolina Association of County Commissioners, and the North Carolina League of Municipalities, as required by the APA.

## **Outline**

### *I. Summary*

The Summary section contains some statistics on anticipated rule actions in SFY 2014-15 that might have an economic impact and rules adopted in SFY 2012-13 with projected impact on local governments.

### *II. Schedule of Anticipated Rule Actions, July 1, 2014 – June 30, 2015*

This section contains information on rules state agencies expect to adopt in SFY 2014-15 that would have an impact on: i) state expenditure or distribution of funds; ii) local government revenues or expenditures; or iii) would create a substantial economic impact. Substantial impact is statutorily defined as an aggregate financial impact to all parties involved of \$1,000,000 or greater over a 12-months period. The information in this section is organized by agency and includes the rule title, the North Carolina Administrative Code (NCAC) citation, staff contact information, proposed action, anticipated impact, and a brief description of the rule change.

### *III. Rules that Affected Local Governments, Adopted July 1, 2012 – June 30, 2013*

The last section provides information on rules North Carolina agencies adopted in SFY 2012-13 that have a projected impact on local governments. The information is organized by agency and by adoption date, and it includes the rule title, NCAC citation, staff contact information, and expected net impact on local government revenues and expenditures over a five-year period.

## I. Summary

State agencies anticipate taking action on 75 different rules<sup>1</sup> in the following fiscal year, SFY 2014-15, based on reports submitted by 84 percent of the surveyed agencies. According to information received by OSBM, the Department of Environmental and Natural Resources (DENR) would account for more than half of the anticipated rule actions for SFY 2014-15 (see Table 1). This high proportion of DENR rule actions is attributed to a significant number of oil and gas exploration rules that the Division of Energy, Mineral and Land Resources is mandated to adopt under Session Law 2012-143. Additionally, DENR as well as other agencies propose to engage in rulemaking in the upcoming fiscal year to address regulatory changes mandated by Session Law 2013-413 (HB 74).

**Table 1. Number of Anticipated Rules with Economic Impact, by Agency**

<i>Agency</i>	<i>Number of Rules</i>	<i>Percentage of Total</i>
Department of Commerce	8	11%
Department of Environmental and Natural Resources	42	56%
Department of Health and Human Services	5	7%
Department of Justice	3	4%
Department of Transportation	2	3%
Office of Information Technology Services	1	1%
Office of State Budget and Management	3	4%
State Board of Education	11	15%
<b>Total Anticipated Rules</b>	<b>75</b>	<b>100%</b>

Table 2 presents the number of anticipated rules that agencies estimated would have a state government, local government, or substantial economic impact. Note that the General Assembly recently increased the substantial economic impact threshold to \$1 million from \$0.5 million in aggregate economic impact or more over a 12-months period (see Session Law 2013-314, sec. 2).

**Table 2. Number of Anticipated Rules with Economic Impact, by Type of Impact\***

<i>Type of Impact</i>	<i>Number of Rules</i>	<i>Percentage of Total Rules</i>
State Government	58	77%
Local Government	47	63%
Substantial Economic Impact	31	41%

\* Note the percentages above do not add up to 100% because rules may have more than one type of impact (see Table 5 below for details). Also, unknown (“U” in Table 5) impacts were not included in this table.

<sup>1</sup> This report uses the terms “rule change” or “rule” to refer to a package of permanent individual rules an agency proposes to adopt together that constitute a new policy. Therefore, the number of individual rules the agencies plan taking action on is higher than the number noted above.

In SFY 2012-13, state agencies adopted twelve rule changes estimated to have an impact on local governments, as shown in Table 3.

**Table 3. Number of Rules Adopted in SFY 2012-2013 with Local Government Impact, by Agency**

<i>Agency</i>	<i>Number of Rules</i>	<i>Percentage of Total</i>
Department of Commerce	1	8%
Department of Environment and Natural Resources	3	25%
Department of Health and Human Services	3	25%
Department of Justice	2	17%
Department of Transportation	2	17%
Office of Administrative Hearings	1	8%
<b>Total Adopted Rules</b>	<b>12</b>	<b>100%</b>

Table 4 below presents the estimated impact on local governments over a five-year period resulting from the rules adopted in SFY 2012-13. The net present value of the impact of these rule changes on local governments over five years is about \$1.6 million in welfare costs (computed using a 7% discount rate as mandated in the APA for fiscal note analyses).

**Table 4. Impact of Rules Adopted in SFY 2012-2013 with Local Government Impact, by Agency (thousands of \$)\***

<i>Agency</i>	<i>SFY 2012- 13</i>	<i>SFY 2013- 14</i>	<i>SFY 2014- 15</i>	<i>SFY 2015- 16</i>	<i>SFY 2016- 17</i>
Department of Commerce	\$0	-\$8	-\$8	-\$8	-\$8
Department of Environment and Natural Resources	-\$14	-\$104	-\$104	-\$104	-\$104
Department of Health and Human Services	-\$4	-\$4	-\$4	-\$4	-\$4
Department of Justice	-\$700	-\$3	-\$3	-\$3	-\$3
Department of Transportation	-\$70	-\$123	-\$113	-\$101	-\$89
Office of Administrative Hearings	\$4	\$4	\$4	\$4	\$4
<b>Total Impact of Adopted Rules</b>	<b>-\$784</b>	<b>-\$239</b>	<b>-\$229</b>	<b>-\$217</b>	<b>-\$205</b>

\* Note that positive values constitute a benefit to local governments and negative values are costs.

## II. Schedule of Anticipated Rules Actions in SFY 2014-2015

**Table 5. Schedule of Anticipated Rule Actions between July 1, 2014 and June 30, 2015**

Division	Rule Title and Description	NCAC Citation(s)	Contact		Rule Action	Federally Required	Impacts:*		
			Name	Phone			S/	L/	SE
<b>Department of Commerce</b>									
Division of Employment Security	<b>Subchapter A - Administrative</b>	04 NCAC 24A .0101, .0102, .0201, .0202, .0301-.0303	Sheena J. Cobrand	(919) 707-1031	Adopt	Yes	S	L	U
Pursuant to USDOL Regulations, states are charged with the administration of the unemployment insurance program. As an employer, the State of North Carolina is impacted by these rules, as are all other employers subject to Chapter 96 of the North Carolina General Statutes.									
Division of Employment Security	<b>Subchapter B – Benefits; Section .0100 Claim for Unemployment Insurance Benefits</b>	04 NCAC 24B .0101-.0105	Sheena J. Cobrand	(919) 707-1031	Adopt	Yes	S	L	SE
There is a significant impact associated with these rules as they pertain to how one can apply for Unemployment Insurance(UI) benefits. The parties affected by these rules include the Division, as the administrator of the UI program, and the claimants. Applying for UI benefits has moved away from in-person to either the telephone or the internet.									
Division of Employment Security	<b>Subchapter B – Benefits; Section .0200 Interstate Claims</b>	04 NCAC 24B .0204, .0206	Sheena J. Cobrand	(919) 707-1031	Adopt	Yes	U	U	U
It is unclear at this time whether the proposed rules on interstate claims would have a substantial impact or an impact on state or local governments.									
Division of Employment Security	<b>Subchapter B – Benefits; Section .0300 Work Search Requirements</b>	04 NCAC 24B .0302-.0304	Sheena J. Cobrand	(919) 707-1031	Adopt	Yes	S	L	U
The rules associated with the Work Search requirement for the UI claimants have a significant impact to the unemployed. The cost associated with this requirement includes the travel to and from employers for the required visits.									
Division of Employment Security	<b>Subchapter C - Adjudication</b>	04 NCAC 24C .0203, .0204, .0303-.0305,.0401	Sheena J. Cobrand	(919) 707-1031	Adopt	Yes	S	L	SE
The Adjudication process requires the Division to make eligibility determinations on certain applications for Unemployment Insurance (UI) benefits. To do this, the Division requires information from both employers and claimants regarding the reasons for the separation. In addition, once the determinations are made, the Division is required to notify all parties of the decision. These rules govern how these processes are performed.									

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Division	Rule Title and Description	NCAC Citation(s)	Contact		Rule Action	Federally Required	Impacts:*			
			Name	Phone			S/	L/	SE	
Division of Employment Security	<b>Subchapter D - Appeal from Determination to Appeals</b>	04 NCAC 24D .0201-.0203, .0303, .0305-.0309, .0501, .0504, .0602, .0701, .0801, .0802	Sheena J. Cobrand	(919) 707-1031	Adopt	Yes	S	L	SE	
	Once an eligibility determination is made, either the employer or the claimant has the right to appeal. The majority of appeals are conducted via phone hearings. The Division is required to notify both parties of the decision on the appeal.									
Division of Employment Security	<b>Subchapter F - Collections</b>	04 NCAC 24F .0101, .0105, .0401, .0501, .0502	Sheena J. Cobrand	(919) 707-1031	Adopt	Yes	S	L	U	
	These particular rules are associated with benefit overpayments. There are many reasons why an overpayment can occur and can impact both employers and claimants. In the case of an employer, seeking a waiver would keep the benefit payment from being charged to their account. As for the claimant, a waiver would mean they are no longer responsible for repaying the amount.									
Division of Employment Security	<b>Subchapter H - Higher Authority Review</b>	04 NCAC 24H .0100, .0104-.0106, .0403, .0404, .0501, .0504	Sheena J. Cobrand	(919) 707-1031	Adopt	Yes	S	L	U	
	The rules associated with this subchapter govern the options available to either the claimant or employer if they are not satisfied with the initial appeals decision. The higher authority reviews the initial appeal determination and affirms or overturns. Both the claimant and the employer can be affected by this decision.									
<b>Total Anticipated Rule Actions for Department of Commerce:</b>										<b>8</b>
<b>Department of Environmental and Natural Resources</b>										
Division of Air Quality	<b>Revision to Ambient Standard for Particulate Matter (PM2.5)</b>	15A NCAC 02D .0410	Joelle Burseson	(919) 707-8720	Amend	Yes	S	L	-	
	The Division proposes to update the rule to reflect the December 2012 PM2.5 National Ambient Air Quality Standard. The impact on state, as well as one local air quality program affected, is expected to be minimal as EPA's guidance is that existing monitoring equipment no longer required for its original purpose because PM2.5 ambient levels have gone down significantly over time could be relocated to meet the near-road PM2.5 monitoring requirements associated with this rule change.									
Division of Air Quality	<b>Repeal of Transportation Facilities' Permitting Rules</b>	15A NCAC 02D .0800; 15A NCAC 02Q .0600	Joelle Burseson	(919) 707-8720	Repeal	No	S	L	-	
	The agency plans to repeal outdated and unnecessary transportation facilities' (e.g., parking decks) permitting requirements.									

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Division	Rule Title and Description	NCAC Citation(s)	Contact		Rule Action	Federally Required	Impacts:*		
			Name	Phone			S/	L/	SE
Division of Air Quality	<b>Revise Sewage Sludge Incinerator Standards to Reflect Revised Emissions Guidelines</b> The rule change would update state rules to reflect federal air emissions guidelines for Sewage Sludge Incinerators; affected facilities, which may be owned by local governments, are required to meet more stringent emission standards that may require upgrading of controls by federal backstop deadline in effect prior to state adoption of the requirements.	15A NCAC 02D .1204	Joelle Burleson	(919) 707-8720	Amend	Yes	S	L	SE
Division of Air Quality	<b>Open Burning Rules</b> The agency proposes to update Open Burning rules to reflect S. L. 2013-413 provisions allowing an additional option for off-site burning of landclearing debris under certain conditions; impacts to local governments are unknown at this time.	15A NCAC 02D .1901-1903	Joelle Burleson	(919) 707-8720	Amend	No	U	U	-
Division of Air Quality	<b>Update, Simplification, and Clarification of Permitting Exemptions Rule</b> The Division plans to update, simplify, and clarify exemptions from permitting rule; state and local affected facilities could have potentially exempt sources.	15A NCAC 02Q .0102	Joelle Burleson	(919) 707-8720	Amend	No	S	L	U
Division of Air Quality	<b>Revise Permit Term to Reflect Session Law 2013-413</b> The rule change would extend the duration of non-Title V permit terms to eight years to reflect Session Law 2013-413; state or local permit holders' application preparation costs would be amortized over a longer period.	15A NCAC 02Q .0207	Joelle Burleson	(919) 707-8720	Amend	No	S	L	U
Division of Aquariums	<b>Fee Schedule</b> The result of the cut in appropriations during the last biennium coupled with the increased costs associated with transition of temporary employee positions to permanent status in response to pending implementation of the Patient Protection and Affordable Care Act necessitates an increase in the admission fees charged by the Aquariums.	15A NCAC 28 .0302	David Griffin	(919) 877-5500	Amend	No	-	-	SE
Division of Coastal Management	<b>Technical Standards for Beach Fill Projects</b> This rule establishes standards for sediment that may be placed on beaches in fill projects. This action is being proposed to provide financial relief to applicants for permits for certain beach fill projects, leading to cost savings to state and local governments.	15A NCAC 07H .0312	Matt Slagel	(252) 808-2808	Amend	No	S	L	-

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			Name	Phone			S/	L/	SE
Division of Coastal Management	<b>General Conditions</b> This rule defines specific development requirements in Estuarine and Public Trust and Ocean Hazard Areas for the construction of piers and docking facilities. By altering how boat slips are counted, this amendment will provide greater flexibility in the use of the general permit for the construction of piers and docking facilities. State impacts include a decrease in permit receipts and time savings for DCM and permit review agencies.	15A NCAC 07H .1204	Mike Lopazanski	(252) 808-2808	Amend	No	S	-	-
Division of Coastal Management	<b>Specific Conditions</b> This rule defines specific development requirements in Estuarine and Public Trust and Ocean Hazard Areas for the construction of piers and docking facilities. State impacts will be decrease in permit receipts and time savings for permit review agencies.	15A NCAC 07H .1205	Mike Lopazanski	(252) 808-2808	Amend	No	S	-	-
Division of Coastal Management	<b>Specific Conditions</b> This rule defines specific development requirements in Estuarine and Public Trust and Ocean Hazard Areas for the construction of piers and docking facilities. By altering how boat slips are counted, this amendment will provide greater flexibility in the use of the general permit for the construction of piers and docking facilities. State impacts include a decrease in permit receipts and time savings for DCM and permit review agencies.	15A NCAC 07H .1305	Tancred Miller	(252) 808-2808	Amend	No	S	-	-
Division of Coastal Management	<b>Purpose</b> This permit allows for the excavation of existing canals, channels, basins and ditches and creating upland boat basins. A bulkhead is a common activity associated with upland boat basins. This amendment would combine basin dredging activity and a bulkhead for an upland boat basin project and eliminate the need for two general permits. State impacts would include reduced permit fees.	15A NCAC 07H .1501	Mike Lopazanski	(252) 808-2808	Amend	No	S	-	-
Division of Coastal Management	<b>General Conditions</b> This permit allows for the excavation of existing canals, channels, basins and ditches and creating upland boat basins. A bulkhead is a common activity associated with upland boat basins. This amendment would combine basin dredging activity and a bulkhead for an upland boat basin project and eliminate the need for two general permits. State impacts would include reduced permit fees.	15A NCAC 07H .1504	Mike Lopazanski	(252) 808-2808	Amend	No	S	-	-
Division of Coastal Management	<b>Specific Conditions</b> This permit allows for the excavation of existing canals, channels, basins and ditches and creating upland boat basins. A bulkhead is a common activity associated with upland boat basins. This amendment would combine basin dredging activity and a bulkhead for an upland boat basin project and eliminate the need for two general permits. State impacts would include reduced permit fees.	15A NCAC 07H .1505	Mike Lopazanski	(252) 808-2808	Amend	No	S	-	-

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			Name	Phone			S/	L/	SE
Division of Energy, Mineral and Land Resources	<b>Re-adoption of Stormwater Rules through Existing Rules Review H74 process</b>	Multiple under 02B and 02H	Bradley Bennett	(919) 807-6378	Amend	Yes	S	L	U
	It is unclear whether the agency will start in FY 2014-15 re-adopting existing regulations as a result of the sunset provision recently included in the Administrative Procedure Act. If the agency re-adopts with no amendments, there would be no additional impact. If some of the rules are amended, there may be an impact.								
Division of Energy, Mineral and Land Resources	<b>Stormwater Management: Definitions</b>	15A NCAC 2H .1002	Julie Ventaloro	(919) 807-6370	Amend	No	S	L	U
	This rule is being amended in response to Session Law 2013-413 changes to clarify the definition of Built-Upon Area, particularly the exemption for gravel. Work will begin shortly on a permanent rule to replace the temporary rule. A fiscal note analysis is commencing on the permanent rule.								
Division of Energy, Mineral and Land Resources	<b>Stormwater Requirements: Oil And Gas Exploration And Production</b>	15A NCAC 2H .1030	Ken Pickle	(919) 807-6376	Adopt	No	S	L	U
	This rule is being adopted in response to Session Law 2013-143, which directed the EMC to adopt stormwater management rules for oil and gas exploration and production sites. As these proposed rules fall under requirements for O&G, it is assumed that no fiscal note will be required per SB76.								
Division of Energy, Mineral and Land Resources	<b>Administration</b>	15A NCAC 05H .0201-.0212	Walt Haven	(919) 707-9237	Adopt	No	S	L	SE
	This rule set covers hearings, violations, notices, etc. Thus, impact will occur from staff rule implementation, as well as MEC and local response to industry.								
Division of Energy, Mineral and Land Resources	<b>Safety</b>	15A NCAC 05H .0301-.0309	Walt Haven	(919) 707-9237	Adopt	No	S	L	SE
	This rule set addresses high-density areas, fire prevention, security, etc. All these matters will impact both local communities and state (staff) resources.								
Division of Energy, Mineral and Land Resources	<b>Baseline Testing</b>	15A NCAC 05H .0401-.0416	Walt Haven	(919) 707-9237	Adopt	No	S	L	SE
	This rule addresses sampling of water supplies before and after oil/gas well installation and operation. Impacts will involve individual/local citizens.								

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			Name	Phone			S/	L/	SE
Division of Energy, Mineral and Land Resources	<b>Permitting</b> This rule defines requirements for an applicant to obtain a permit to construct and oil or gas well. Physical impacts to local areas/properties will occur.	15A NCAC 05H .0501-.0510	Walt Haven	(919) 707-9237	Adopt	No	S	L	SE
Division of Energy, Mineral and Land Resources	<b>Bonding</b> This rule deals with bonding (well construction, site reclamation, etc.). Impacts will involve restoration of well sites, so respective local areas will be impacted.	15A NCAC 05H .0601-.0607	Walt Haven	(919) 707-9237	Adopt	No	S	L	SE
Division of Energy, Mineral and Land Resources	<b>Drilling Units &amp; Unitization</b> This rule defines the way properties are joined into drilling units. Impacts will involve local land owners and possibly local and state property owners.	15A NCAC 05H .0701-.0706	Walt Haven	(919) 707-9237	Adopt	No	S	L	SE
Division of Energy, Mineral and Land Resources	<b>Well Construction &amp; Completion</b> This rule defines requirements for oil and gas well construction, stimulation, and completion. Physical impacts to local areas/properties will occur.	15A NCAC 05H .0801-.0825	Walt Haven	(919) 707-9237	Adopt	No	S	L	SE
Division of Energy, Mineral and Land Resources	<b>Water Acquisition and Management</b> This rule defines requirements for obtaining, storing, & using/conserving water. Impacts to local surface water & (perhaps) groundwater resources will occur.	15A NCAC 05H .0901-.0906	Walt Haven	(919) 707-9237	Adopt	No	S	L	SE
Division of Energy, Mineral and Land Resources	<b>Waste Management</b> This rule defines requirements for waste management, storage, & treatment. Impacts to local landfills and surface waters may occur.	15A NCAC 05H .1001-.1013	Walt Haven	(919) 707-9237	Adopt	No	S	L	SE
Division of Energy, Mineral and Land Resources	<b>Chemical Disclosure -General Provisions</b> This rule defines reporting requirements for subsurface fluid constituents.	15A NCAC 05H .1101-.1107	Walt Haven	(919) 707-9237	Adopt	No	S	L	SE
Division of Energy, Mineral and Land Resources	<b>Site Infrastructure and Construction Standards</b> This rule defines requirements for oil and gas well site construction. Physical impacts to local areas/properties will occur.	15A NCAC 05H .1301-.1307	Walt Haven	(919) 707-9237	Adopt	No	S	L	SE

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Division of Energy, Mineral and Land Resources	<b>Production</b> This rule defines inspection and reporting requirements during well production. Management of data by state regulators and promulgation to locals will occur.	15A NCAC 05H .1401-.1406	Walt Haven	(919) 707-9237	Adopt	No	S	L	SE
Division of Energy, Mineral and Land Resources	<b>Reclamation</b> This rule defines requirements for restoring well sites to (or nearly to) original conditions. Physical impacts to local areas/properties will occur.	15A NCAC 05H .1501, .1502, .1503, .1504, .1505, .1506, .1507, .1508	Walt Haven	(919) 707-9237	Adopt	No	S	L	SE
Division of Energy, Mineral and Land Resources	<b>Variance</b> This rule defines the authority for the state to grant variances to other rule requirements. Impacts to local properties, state properties, etc. will occur.	15A NCAC 05H .1601-.1604	Walt Haven	(919) 707-9237	Adopt	No	S	L	SE
Division of Energy, Mineral and Land Resources	<b>Geophysical Exploration</b> This rule defines permitting requirements for using explosives for geological/geophysical exploration. Impacts to properties will occur.	15A NCAC 05H .1700.	Walt Haven	(919) 707-9237	Adopt	No	S	L	SE
Division of Energy, Mineral and Land Resources	<b>Compulsory Pooling (may be included in Unitization rules)</b> This rule defines the way properties are compulsory pooled. Impacts may involve local land owners.	15A NCAC 05H section .xxxx	Walt Haven	(919) 707-9237	Adopt	No	S	L	SE
Division of Marine Fisheries	<b>Trawls in New River Above Hwy. 172 Bridge</b> Repeal rule prohibiting the use of trawls above the Highway 172 Bridge on the New River.	15A NCAC 03J .0208	Catherine Blum	(252) 808-8014	Repeal	No	U	-	-
Division of Marine Fisheries	<b>Establish a Shrimp Bait Fishery Permit</b> Establish a permitted commercial shrimp live bait fishery.	15A NCAC 03J .0104, 03L .0102, 03O .0501, 03O .0503	Catherine Blum	(252) 808-8014	Amend	No	U	-	-
Division of Marine Fisheries	<b>Trawl Headrope Restrictions</b> Restrict headrope length on shrimp trawl gear to a maximum of 220 feet in estuarine waters where maximum headrope length is not already specified.	15A NCAC 03J .0103, 03J .0104, 03N .0105	Catherine Blum	(252) 808-8014	Amend	No	-	-	U

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Division of Marine Fisheries	<b>Shrimp Trawling Area Restrictions</b> Amend rules to close areas to shrimp trawling selected by the Marine Fisheries Commission.	15A NCAC 03R .0106	Catherine Blum	(252) 808-8014	Amend	No	U	-	U
Division of Waste Management	<b>Criteria &amp; Standards Applicable to USTs</b> This rule proposed rule amendment is required by Session Law 2011-394 and extends deadline for compliance with UST system secondary containment upgrade requirements by 4 years.	15A NCAC 02N .0304 (a)5	Art Barnhardt	(919) 707-8263	Amend	No	-	-	SE
Division of Waste Management	<b>Criteria &amp; Standards Applicable to USTs</b> This rule proposed rule amendment is required by Session Law 2011-394, which defines the specific upgrade requirements to portions of UST systems that require replacement.	15A NCAC 02N .0903 (c)	Art Barnhardt	(919) 707-8263	Amend	No	-	-	SE
Division of Water Resources	<b>Broad River Basin</b> The rule change proposes the reclassification of a portion of the Green River, including Lake Adger, in Polk County from Class C to Class Water Supply-IV (WS-IV) Critical Area (CA) and WS-IV (Protected Area or PA). This proposed reclassification was requested by Polk County, and would permit Polk County to put a new water intake in Lake Adger for use as a permanent water supply and to meet future local water demands. Under North Carolina 15A NCAC 18C .0202, "any surface water which is to receive treatment.. in order to be used as a public water system shall be obtained from a source which meets the water supply stream classification standards established by the EMC..."	15A NCAC 02B .0306	Elizabeth Kountis	(919) 807-6418	Amend	No	S	L	-
Division of Water Resources	<b>Yadkin-Pee Dee River Basin</b> Proposed Reclassification of a portion of the South Deep Creek River and Reservoir from Water Supply III (WS-III) (Balance of Watershed or BW) to WS-III Critical Area (CA) is the intent behind this rule change. This proposed reclassification is necessary to ensure the supply of drinking water for Yadkin County. Under North Carolina 15A NCAC 18C .0202, "any surface water which is to receive treatment...in order to be used for a public water system shall be obtained from a source which meets the water supply stream classification standards established by the EMC...". Yadkin County has requested that the existing South Deep Creek Reservoir be reclassified for public water supply use.	15A NCAC 02B .0309	Elizabeth Kountis	(919) 807-6418	Amend	No	S	L	-

\* S = State Impact, L = Local Impact, SE = Substantial Economic Impact of \$1,000,000 or greater in a 12-months period, U = Impact Unknown.

## II. Schedule of Anticipated Rules Actions in SFY 2014-2015

Division	Rule Title and Description	NCAC Citation(s)	Contact		Rule Action	Federally Required	Impacts:*		
			Name	Phone			S/	L/	SE
Division of Water Resources	<b>Classifications &amp; Water Quality Standards Applicable to Surface Waters and Wetlands of North Carolina</b>	15A NCAC 02B .0100-.0110, .0201-.0228, .0230-.0231 and .0300-.0317	Connie Brower	(919) 807-6416	Amend	Yes	S	L	SE
<p>Under Section 303(c)(1) of the federal Water Pollution Control Act (Clean Water Act), every state is required at least once every three years, to review applicable water quality standards and as appropriate, modify and adopt standards. This process is referred to as the "Triennial Review". The EMC is required to establish the water body classifications and applicable water quality standards to protect human health, aquatic life, the environment and all designated uses of waterbodies. Modifications to water quality standards determine the type and level of treatment required by wastewater discharges to meet those standards.</p>									

**Total Anticipated Rule Actions for Department of Environmental and Natural Resources: 42**

### Department of Health and Human Services

Division of Mental Health, Developmental Disabilities and Substance Abuse Services	<b>Forensic Screenings and Evaluations of Individuals of All Disability Types</b>	10A NCAC 27G .6702; 10A NCAC 27H .0201-.0207	Denise Baker	(919) 715-2780	Amend	No	S	L	U
<p>The rule amendments set forth requirements for training and registration of forensic evaluators and for forensic screenings and evaluations of individuals with disabilities. The rules are being amended to reflect the certification and continuing education requirements mandated by Session Law 2013-18, Incapacity to Proceed Amendments. As proposed for amendment, the training will be conducted at a site specified by the Secretary, DHHS; currently, that site is the PreTrial Evaluation Center at the Central Regional Hospital. The state and local impact anticipated stems from costs associated with the continuing education training requirements for those who are seeking certification/continuing education and from the staff time/materials required provide the training.</p>									
Division of Public Health	<b>Reportable Diseases and Conditions</b>	10A NCAC 41A .0101	Bob Martin	(919) 707-5179	Amend	No	-	-	U
<p>The agency is proposing to amend the rule to eliminate non-electronic reporting of disease and conditions identified in 10A NCAC .0101 for all laboratories in NC reporting fewer than 150 reportable results. This rule change would make the NC Administrative Code consistent with Federal Guidelines regarding electronic laboratory reporting as a requirement.</p>									

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## II. Schedule of Anticipated Rules Actions in SFY 2014-2015

Division	Rule Title and Description	NCAC Citation(s)	Contact		Rule Action	Federally Required	Impacts:*		
			Name	Phone			S/	L/	SE
Division of Public Health	<b>Dosage and Age Requirements for Immunization</b>  The change is aimed at bringing Immunization Branch vaccine requirements in line with recommendations from the Advisory Committee on Immunization Practices (ACIP) and the Centers for Disease Control and Prevention (CDC) concerning Pneumococcal Conjugate Vaccine, Varicella Vaccine, and Meningococcal Vaccine. The rule change would result in increased health benefits but also costs associated with administering additional vaccines for local health depts., provider community, Medicaid state share coverage, as well as public.	10A NCAC 41A .0401	Bob Martin	(919) 707-5179	Amend	No	S	L	SE
Division of Public Health	<b>Pulse Oximetry Screening of Newborns for Congenital Heart Defect Disease</b>  The agency is adopting a requirement to screen all NC newborns using pulse oximetry for critical congenital heart disease (CCHD), as authorized by Session Law 2013-45. There would be cost to the state to collect and track screening reports and to hospitals and birthing centers to administer tests, as well as associated follow up costs.	10A NCAC 43H .0315	Bob Martin	(919) 707-5179	Adopt	No	S	-	U
Division of Public Health	<b>Notice for Wells at Contamination Sites</b>  Session Law 2013-413 requires that a notice must be provided for permits issued for private drinking water wells for which the local health department has determined that the proposed site is located within 1,000 feet of a known source of release of contamination. The notice must be accompanied by information of the known source of release of contamination and any known risk of issuing a permit for the construction and use of a private drinking water well on such a site. The rule change would result in costs at both the state and local level to develop and distribute the notices and informational material to the permittees.	15A NCAC 02C .0120	Bob Martin	(919) 707-5179	Adopt	No	S	L	U

**Total Anticipated Rule Actions for Department of Health and Human Services: 5**

### Department of Justice

Division of Criminal Justice Standards	<b>Responsibilities of School Director</b>  The Commission may remove the responsibility of a school director to schedule and register trainees for exam purposes; adding these responsibilities to the Division, potentially resulting in costs to the Division and the persons seeking testing for certification.	12 NCAC 09B .0202	Trevor Allen	(919) 779-8211	Amend	No	U	L	-
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## II. Schedule of Anticipated Rules Actions in SFY 2014-2015

Division	Rule Title and Description	NCAC Citation(s)	Contact		Rule Action	Federally Required	Impacts:*		
			Name	Phone			S/	L/	SE
Division of Criminal Justice Standards	<b>Comprehensive Written Examination – BLET, Basic SMI Certification, Instructor Training</b> Commission may require individual trainees to schedule and register for certification exams, potentially resulting in costs to the Division and the persons seeking testing for certification.	12 NCAC 09B .0406, .0408, .0413	Trevor Allen	(919) 779-8211	Amend	No	U	L	-
Division of Sheriffs' Standards	<b>In-Service Training for Justice Officers</b> The proposed change constitutes an annual revision of mandated in-service training requirements for deputy sheriffs, detention officers, and telecommunicators.	12 NCAC 10B	Julia Lohman	(919) 662-4370	Amend	No	S	L	SE
<b>Total Anticipated Rule Actions for Department of Justice:</b>									<b>3</b>
<b>Department of Transportation</b>									
Division of Highways	<b>Outdoor Advertising Regulations Modernization</b> This package of rule amendments and adoption is proposed to modernize definitions and terms within the entire spectrum of Outdoor Advertising Regulations. Additionally, it will re-codify existing rules in a more user-friendly format and make changes required by recent legislation to the industry's ability to repair and reconstruct signs.	19A NCAC 02E .0201, .0203, .0206-.0213, .0215, .0225, .0226	Brian P. LiVecchi	(919) 707-2800	Amend	No	S	L	SE
Division of Motor Vehicles	<b>Display of License Plate Renewal Sticker</b> The rule is proposed to be amended to allow one sticker to be displayed on license plates that indicates the month and year of expiration, instead of the current practice of two stickers - one for month and one for year. The State should experience substantial savings resulting from only printing and issuing a single sticker.	19A NCAC 03C .0237	Brian P. LiVecchi	(919) 707-2800	Amend	No	S	-	SE
<b>Total Anticipated Rule Actions for Department of Transportation:</b>									<b>2</b>

\* S = State Impact, L = Local Impact, SE = Substantial Economic Impact of \$1,000,000 or greater in a 12-months period, U = Impact Unknown.



## II. Schedule of Anticipated Rules Actions in SFY 2014-2015

Division	Rule Title and Description	NCAC Citation(s)	Contact		Rule Action	Federally Required	Impacts:*			
			Name	Phone			S/	L/	SE	
<b>Office of Information Technology Services</b>										
911 Board	<b>911 Board Rules Package</b>	09 NCAC 06C Sections .0100 - .0400	Teresa Bank	919-754-6285	Adopt	Yes	-	L	SE	
	The rules proposed for adoption by the 911 Board incorporate existing policies, some of which have been in place for over 15 years, relating to disbursements from the 911 Fund to local governments. Some of the rules are federally required and aid the implementation of federal law relating to 911 services. The fiscal note for these rules is currently under development and it appears there will be a substantial economic impact as determined by OSBM. Requirements in the rules that may create an economic impact for some Public Safety Answering Points (PSAPs) include: PSAP annual reporting, back-up plans for all PSAPs, minimum staffing and training as well as PSAP facility standards, equipment testing, record retention, CMRS (cell phone) service provider registration, and service charges based on prepaid wireless service sales.									
<b>Total Anticipated Rule Actions for Office of Information Technology Services:</b>										<b>1</b>
<b>Office of State Budget and Management</b>										
N/A	<b>Reporting Thresholds and Formats for Grantees and Subgrantees</b>	09 NCAC 03M .0205	Brandon James	(919) 807-4754		No	S	-	U	
	The agency is proposing to tighten the timeframe for meeting the reporting requirements. The rule change will have a state impact, however it is currently unclear whether it would lead to a substantial economic impact as well.									
N/A	<b>Agency Responsibilities</b>	09 NCAC 03M .0401	Brandon James	(919) 807-4754		No	S	-	-	
	The agency is proposing to clarify the rule in order to increase efficiency and oversight.									
N/A	<b>Grant Monitoring and Evaluation</b>	09 NCAC 03M .0704	Brandon James	(919) 807-4754		No	S	-	U	
	The agency is proposing to clarify the rule in order to increase efficiency and oversight. At this time, it is unclear if the rule change would lead to a substantial economic impact.									
<b>Total Anticipated Rule Actions for Office of State Budget and Management:</b>										<b>3</b>

\* S = State Impact, L = Local Impact, SE = Substantial Economic Impact of \$1,000,000 or greater in a 12-months period, U = Impact Unknown.

## II. Schedule of Anticipated Rules Actions in SFY 2014-2015

Division	Rule Title and Description	NCAC Citation(s)	Contact		Rule Action	Federally Required	Impacts:*		
			Name	Phone			S/	L/	SE
<b>State Board of Education</b>									
N/A	<b>Model Teacher Contract</b> Session Law 2013-360 requires SBE to develop, by rule, a model teacher contract for LEAs, which must include certain terms.	16 NCAC 06C .0701	Lou Martin	(919) 807-3658	Adopt	No	-	L	U
N/A	<b>NC General Assembly's Read to Achieve Program</b> Rule sets out requirements for the implementation of the General Assembly's Read to Achieve Program.	16 NCAC 06D .0508	Lou Martin	(919) 807-3658	Adopt	No	S	L	-
N/A	<b>Charter School Application and Review Process</b> The new requirements for charter school application and review process may lead to state costs and costs and benefits to applicants.	16 NCAC 06G.xxxx	Lou Martin	(919) 807-3658	Adopt	No	S	U	SE
N/A	<b>Charter School Accountability Requirements</b> The rule would require eligible charter school students to take state-required assessments. The change also would require charter schools to comply with NC's Accountability Model.	16 NCAC 06G.xxxx	Lou Martin	(919) 807-3658	Adopt	No	S	-	U
N/A	<b>Charter School Planning Program for New Preliminary Charters</b> The new rule would set forth planning program requirements for new preliminary charters.	16 NCAC 06G.xxxx	Lou Martin	(919) 807-3658	Adopt	No	S	-	U
N/A	<b>Charter School Student Admission</b> The agency proposes a new rule setting forth student admission requirements for charter schools.	16 NCAC 06G.xxxx	Lou Martin	(919) 807-3658	Adopt	No	U	-	U
N/A	<b>Enrollment in Charter Schools</b> The agency proposes new requirements for charter schools to follow when requesting increases in enrollment. In addition, the rule states that charter schools, in their first year of operation, will not be funded beyond the projected ADM contained in their applications.	16 NCAC 06G.xxxx	Lou Martin	(919) 807-3658	Adopt	No	S	L	U

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## II. Schedule of Anticipated Rules Actions in SFY 2014-2015

Division	Rule Title and Description	NCAC Citation(s)	Contact		Rule Action	Federally Required	Impacts:*		
			Name	Phone			S/	L/	SE
N/A	<b>Charter School Application and Renewal Fees</b>  The new rule sets charter school application and renewal fees at \$500 each.	16 NCAC 06G.xxxx	Lou Martin	(919) 807-3658	Adopt	No	S	-	SE
N/A	<b>High School Accreditation Framework</b>  The rule establishes a process and requirements for high school accreditation.	16 NCAC 06G.0203	Lou Martin	(919) 807-3658	Adopt	No	-	L	-
N/A	<b>READY Accountability</b>  The agency proposes a new Rule to establish NC's Accountability Model for school performance standards.	16 NCAC 06G .0312	Lou Martin	(919) 807-3658	Adopt	No	S	L	SE
N/A	<b>Admissions to School for the Blind and NC Schools for the Deaf</b>  The proposed change amends rules governing admissions to the Governor Morehead School for the Blind and NC Schools for the Deaf.	16 NCAC 06I .0102; 06J .0102	Lou Martin	(919) 807-3658	Amend	No	S	L	U

**Total Anticipated Rule Actions for State Board of Education: 11**

**Total Anticipated Rules for ALL Agencies: 75**

\* S = State Impact, L = Local Impact, SE = Substantial Economic Impact of \$1,000,000 or greater in a 12-months period, U = Impact Unknown.

### III. Rules with Local Government Impact Adopted in SFY 2012-2013

**Table 6. Rules Affecting Local Governments Adopted Between July 1, 2012 and June 30, 2013**

Division	Title of Rule Change	Citation(s)	Contact	Date Adopted	Impact on Local Government by FY (thousands):*				
					2012- 13	2013- 14	2014- 15	2015- 16	2016- 17
<b>Department of Commerce</b>									
Division for Employment Security	Fees	04 NCAC 24E .0101, .0102, .0103, and .0104	Sheena Cobrand (919) 707-1031	2/22/13	\$0	-\$8	-\$8	-\$8	-\$8
<b>Total for Department of Commerce:</b>					<b>\$0</b>	<b>-\$8</b>	<b>-\$8</b>	<b>-\$8</b>	<b>-\$8</b>
<b>Department of Environment and Natural Resources</b>									
Div. of Water Quality	Buffer Consolidation/ Mitigation	15A NCAC 02B .0295, .0242, .0244, .0252, .0260, .0268, .0609	Eric Kulz (919) 807-6476	5/9/13	\$0	\$393	\$393	\$393	\$393
Div. of Waste Management	Increase in Permit Duration	15A NCAC 13B .0206, .0504	Michael Scott (919) 707-8246	5/15/13	\$0	-\$497	-\$497	-\$497	-\$497
Div. of Water Quality	Roanoke River Basin	15A NCAC 02B .0313	Elizabeth Kountis (919) 807-6418	9/13/12	-\$14	\$0	\$0	\$0	\$0
<b>Total for Department of Environment and Natural Resources:</b>					<b>-\$14</b>	<b>-\$104</b>	<b>-\$104</b>	<b>-\$104</b>	<b>-\$104</b>
<b>Department of Health and Human Services</b>									
Div. of Public Health	Pool Fences	15A NCAC 18A .2528	Bob Martin (919) 707-5179	8/15/12	\$0	\$0	\$0	\$0	\$0
Div. of Mental Health, Developmental Disabilities and Substance Abuse Services	Waiver of Licensure Rules	10A NCAC 27G .0813	Denise Baker (919) 715-2780	8/23/12	\$1	\$1	\$1	\$1	\$1
Div. of Mental Health, Developmental Disabilities and Substance Abuse Services	Client Rights Committees	10A NCAC 27G .0504	Denise Baker (919) 715-2780	5/23/13	-\$5	-\$5	-\$5	-\$5	-\$5
<b>Total for Department of Health and Human Services:</b>					<b>-\$4</b>	<b>-\$4</b>	<b>-\$4</b>	<b>-\$4</b>	<b>-\$4</b>

\* Note that positive values are benefits to local governments and negative values are costs.

\*\* The Ferry Tolls proposed rule change was been referred to the General Assembly for legislative review and has not yet gone into effect.

### III. Rules with Local Government Impact Adopted in SFY 2012-2013

Division	Title of Rule Change	Citation(s)	Contact	Date Adopted	Impact on Local Government by FY (thousands):*					
					2012- 13	2013- 14	2014- 15	2015- 16	2016- 17	
<b>Department of Justice</b>										
Sheriffs' Education & Training Standards Commission	2013 Sheriffs' Education and Training Standards	12 NCAC 10B .0101, .0205-.0206, .0410, .0702, .0713, .0901, .1002, .1004-.1005, .1202, .1204-.1205, .1602, .1604-.1605, .2003-.2007, .2009, .2102-.2103	Julia Lohman (919) 716-6450	10/5/12	-\$700	\$0	\$0	\$0	\$0	\$0
Div. of Criminal Justice Standards	Specialized Instructor Training and Hazardous Materials Course	12 NCAC 09B .0202, .0304, .0414-.0415, .0417	Trevor Allen (919) 779-8211	2/22/13	\$0	-\$3	-\$3	-\$3	-\$3	-\$3
<b>Total for Department of Justice:</b>					<b>-\$700</b>	<b>-\$3</b>	<b>-\$3</b>	<b>-\$3</b>	<b>-\$3</b>	<b>-\$3</b>
<b>Department of Transportation</b>										
Div. of Transit	Ferry Tolls**	19A NCAC 02D .0532	Joseph Qubain (919) 707-2800	4/19/13	\$0	-\$63	-\$64	-\$63	-\$63	-\$63
Div. of Highways	Permitting Requirements and Vegetation Removal for Outdoor Advertising	19 NCAC 02E .0210-.0211, .0601-.0604, .0608-.0611	Brian LiVecchi (919) 707-2837	9/19/12	-\$70	-\$60	-\$49	-\$38	-\$26	-\$26
<b>Total for Department of Transportation:</b>					<b>-\$70</b>	<b>-\$123</b>	<b>-\$113</b>	<b>-\$101</b>	<b>-\$89</b>	<b>-\$89</b>
<b>Office of Administrative Hearings</b>										
N/A	Definition of Service or Serve	26 NCAC 03 .0102	Molly Masich (919) 431-3071	9/5/12	\$4	\$4	\$4	\$4	\$4	\$4
<b>Total for Office of Administrative Hearings:</b>					<b>\$4</b>	<b>\$4</b>	<b>\$4</b>	<b>\$4</b>	<b>\$4</b>	<b>\$4</b>
<b>Total for ALL Agencies:</b>					<b>-\$784</b>	<b>-\$239</b>	<b>-\$229</b>	<b>-\$217</b>	<b>-\$205</b>	<b>-\$205</b>

\* Note that positive values are benefits to local governments and negative values are costs.

\*\* The Ferry Tolls proposed rule change was been referred to the General Assembly for legislative review and has not yet gone into effect.