



The Daily Bulletin: Friday, July 19, 2013

PUBLIC/SENATE BILLS

S 76 (2013-2014) [DOMESTIC ENERGY JOBS ACT](#). Filed Feb 11 2013, A *BILL TO BE ENTITLED AN ACT TO (1) PROVIDE FOR AUTOMATIC REVIEW OF MINING AND ENERGY COMMISSION RULES BY THE GENERAL ASSEMBLY; (2) EXEMPT THE MINING AND ENERGY COMMISSION, THE ENVIRONMENTAL MANAGEMENT COMMISSION, AND THE COMMISSION FOR PUBLIC HEALTH FROM PREPARING FISCAL NOTES FOR RULES THAT PERTAIN TO THE MANAGEMENT OF OIL AND GAS EXPLORATION AND DEVELOPMENT; (3) DIRECT THE MINING AND ENERGY COMMISSION TO STUDY DEVELOPMENT OF A COMPREHENSIVE ENVIRONMENTAL PERMIT FOR OIL AND GAS EXPLORATION AND DEVELOPMENT ACTIVITIES USING HORIZONTAL DRILLING AND HYDRAULIC FRACTURING TREATMENTS; (4) REQUIRE THE MINING AND ENERGY COMMISSION AND THE DEPARTMENT OF REVENUE TO STUDY ESTABLISHMENT OF A TAX FOR THE SEVERANCE OF ENERGY MINERALS FROM THE SOIL OR WATER OF THE STATE IN AN AMOUNT SUFFICIENT TO COVER ALL COSTS ASSOCIATED WITH ADMINISTRATION OF A MODERN REGULATORY PROGRAM FOR THE MANAGEMENT OF OIL AND GAS EXPLORATION AND DEVELOPMENT ACTIVITIES USING THE PROCESSES OF HORIZONTAL DRILLING AND HYDRAULIC FRACTURING TREATMENTS FOR THAT PURPOSE, INCLUDING CREATION OF AN EMERGENCY FUND TO PROTECT AND PRESERVE THE STATE'S NATURAL RESOURCES, CULTURAL HERITAGE, AND QUALITY OF LIFE; (5) DIRECT THE MINING AND ENERGY COMMISSION TO STUDY MATTERS RELATED TO REGISTRATION OF LANDMEN; (6) MODIFY APPOINTMENTS TO THE MINING AND ENERGY COMMISSION; (7) MODIFY PROVISIONS IN THE OIL AND GAS CONSERVATION ACT CONCERNING THE MINING AND ENERGY COMMISSION'S AUTHORITY TO SET "ALLOWABLES"; (8) CLARIFY BONDING REQUIREMENTS ASSOCIATED WITH OIL AND GAS ACTIVITIES; (9) ASSIGN FUTURE REVENUE FROM ENERGY EXPLORATION, DEVELOPMENT, AND PRODUCTION OF ENERGY RESOURCES IN ORDER TO PROTECT AND PRESERVE THE STATE'S NATURAL RESOURCES, CULTURAL HERITAGE, AND QUALITY OF LIFE; (10) ENCOURAGE THE GOVERNOR TO DEVELOP THE REGIONAL INTERSTATE OFFSHORE ENERGY POLICY COMPACT; (11) AMEND THE ENERGY POLICY ACT OF 1975 AND THE ENERGY POLICY COUNCIL; AND (12) DIRECT THE MEDICAL CARE COMMISSION TO ADOPT RULES AUTHORIZING FACILITIES LICENSED BY THE DEPARTMENT OF HEALTH AND HUMAN SERVICES TO USE COMPRESSED NATURAL GAS AS AN EMERGENCY FUEL.*

Conference report makes the following changes to the 7th edition.

Amends the title.

Part I

Amends the Part heading. Declares that all rules required to be adopted under Section 2(m) of SL 2013-143 become effective as provided in GS 150B-21.3(b1), delayed effective dates of rules, as though 10 or more written objections had been received as provided by GS 150B-21.3(b2), objections to permanent rules (was, declared that all rules, as provided in subsection (m) of SL 2013-143, had to be adopted no later than October 1, 2014). Exempts the Mining and Energy Commission (MEC), the Environmental Management Commission (EMC), and the Commission for Public Health (CPH) from the provisions of GS Chapter 150B that require the preparation of fiscal notes for any rule proposed for the creation of a modern regulatory program for the management of oil and gas exploration and development activities in the state, including the use of horizontal drilling and hydraulic fracturing for that purpose. Prohibits issuing permits for oil and gas exploration and development activities using horizontal drilling and hydraulic fracturing treatments under GS 113-395, or any other provision of law, in order to allow the MEC sufficient time to develop a modern regulatory program for the management of oil and gas exploration, the use of horizontal drilling and hydraulic fracturing treatments for that

purpose, and for the adoption of appropriate environmental standards applicable to these activities (was, provided that issued permits were not to become effective until the General Assembly took affirmative legislative action to allow the permits to become effective in order to provide the MEC with sufficient time to develop a regulatory program). Prohibits any agency of the state from issuing a permit until (1) all the rules required to be adopted by the MEC, the EMC, and the CPH under SL 2012-143 have become effective and (2) the General Assembly takes affirmative legislative action, including repeal of Section 3(d) of SL 2012-143, allowing the issuance of such permits.

Part II

Amends the Part heading. Expands the list of matters to be addressed in the study of the development of a single comprehensive environmental permit for oil and gas exploration and development activities using horizontal drilling and hydraulic fracturing treatments to include regulation of subsurface injection of fluids for hydraulic fracturing treatments. Adds the Joint Legislative Commission on Energy Policy as an entity to whom the MEC is to report the findings of the study on or before March 1, 2014.

Directs the MEC to report its findings and recommendations from the study of an appropriate rate of severance tax that should be imposed in association with oil and gas exploration and development activities using horizontal drilling and fracturing to the Environmental Review Commission on or before April 1, 2014 (was, October 1, 2013).

Deletes changes to Section 2(j) of SL 2012-143, which added the Department of Commerce to the entities that are to study funding issues connected to the state's administration of an oil and gas regulatory program.

Deletes provision directing the MEC, the Department of Environment and Natural Resources (DENR), and the Consumer Protection Division of the Department of Justice (Consumer Protection), to study and issue recommendations for establishing a restitution fund for landowners who suffer damages as a result of fraud, deception, misrepresentation, or knowing omission of material facts related to oil or gas interests. Adds provision directing the MEC and DENR to study issues related to establishing and implementing the registration requirements for landmen under GS 113-425. Sets out minimum topics to be reviewed in the study. Requires the MEC and DENR to receive input from the oil and gas industry and other stakeholders on the current registry, its effectiveness, and whether modifications or discontinuance is advisable. Directs the MEC to report its findings and recommendations to the Environmental Review Commission and the Joint Legislative Commission on Energy Policy on or before April 1, 2015.

Part III

Amends GS 143B-293.2 to make changes to the membership qualifications for members the North Carolina Mining and Energy Commission appointed (1) by the Governor, (2) by the General Assembly on the recommendation of the Speaker of the House of representatives, and (3) by the General Assembly on the recommendation of the President Pro Tempore of the Senate. Also provides for the appointment of the State Geologist or a designee of the Secretary of Environment and Natural Resources, (was, the designee was to be selected by the State geologist).

Provides that this Part is effective when it becomes law; however, it allows members serving under subdivisions (14) and (15) of GS 143B-293.2(a.) as of the effective date of this act, to serve the remainder of their unexpired term.

Part IV

Amends the Part heading. Deletes changes to GS 113-425 regarding civil and criminal penalties, and injunctive relief for applicants or registrants determined by DENR to have engaged in specified actions related to the requirements of the landmen registry.

Part VI

Amends new GS 113B-30 to require that any revenues and royalties paid to the state as a result of offshore leasing, exploration, development, and production of all energy resources be deposited in the Offshore Energy Management Fund until the Fund reaches \$250 million (was, \$500 million). Mandates that once the Fund reaches \$250 million, it is to be used as provided in GS 113B-30(b), which provides for the annual appropriation of specified percentages of the Fund to be utilized for the listed purposes (was, required that once the Fund reached the specified amount, the excess funds were to be credited to the General Fund and that the state was to seek recovery of all costs for funds expended). Makes conforming changes to establish that the amount to be established in the Fund is \$250 million.

Part VII

Clarifies that the request to the US Department of the Interior for reinstatement of the federal Offshore Policy Committee with new members and new alternate members includes the appointment of a total of six appointees, one member and one

alternate member each from North Carolina, Virginia, and South Carolina.

Makes technical changes to correct references to sections of this act.

Part VIII

Amends the legislative findings and purposes found GS 113B-1, adding supporting language to the finding that it is in the State's best interest to support the development of a reliable and adequate supply of energy for North Carolina.

Amends GS 113B-2, provisions providing for the creation and purpose of the Energy Policy Council (EPC), clarifying that the EPC is also created to promote economic growth and job creation. Establishes that the Lieutenant Governor will be appointed and serve as a member of the EPC. Provides that 10 appointed citizens of NC will also serve on the EPC (was, 11). Requires appointments to the EPC to be made by October 1, 2013 (was, July 1, 2013). Amends the requirements for the appointed public members of the EPC, deleting the requirement that one of the members must be a representative of a rural electric membership corporation formed pursuant to GS 117-8 and appointed by the Speaker of the House, that one member be experienced in the petroleum industry, that one represent an investor-owned natural gas public utility, and deleting the requirement that one of the appointee have experience in biofuels and replacing it with a requirement that one member must be a representative of an investor-owned public utility and appointed by the President Pro Tempore of the Senate. Provides that the Lieutenant Governor will serve as chair of the council (previously, the chair was appointed by the Governor for a two year term). Adds to the general duties of the EPC, providing that one of the EPC's goals is to protect the economy of the State, promote job creation, and expand business and industry opportunities. Provides that the EPC can delegate its duties where appropriate to the Division of Energy, Mineral, and Land Resources of DENR.

Amends GS 113B-7, concerning the Energy Efficiency Program, making technical changes and providing that the Program must be designed to consider (was, encourage and promote) the conservation of energy through reducing wasteful, inefficient or uneconomical uses of energy resources. Allows the Program (was, required) to include specified recommendations. Directs the EPC to review and revise the Energy Efficiency Program at least every five years (was, every two years).

Amends GS 113B-11, clarifying that any staff support required by the EPC must be supplied by the Division of Energy, Mineral, and Land Resources of DENR, deleting language that stated the required staff support was in order to fully and effectively develop recommendations for a State energy policy. Authorizes the Department of Commerce to make staff available to assist in the development of a State energy Policy (previously, only the Utilities Commission was so authorized).

Amends GS 113B-12, concerning annual reporting requirements, clarifying that every two years the EPC must transmit a comprehensive report detailing the energy conditions of the State to specified parties.

Enacts new GS 143B-281.1, concerning the transfer of the EPC, providing that the EPC is transferred to DENR by a Type II transfer as defined in GS 143A-6.

Amends GS 114-4.2D, changing the title of the section and clarifying that the Energy Policy Council is a council under DENR.

Provides that the terms of all members of the EPC serving as of the effective date of this act (was, effective date of this act or June 30, 2013) expire on the effective date of the act. Provides that initial appointments, pursuant to GS 113B-3(c), as amended by Section 8(e) of this act, must be made no later than September 1, 2013 (was, July 1, 2013).

Part IX

Amends Part IX, making technical changes.

Part X

Amends the effective date clause, providing that GS 113B-30, as enacted by Section 6 of this act, becomes effective only if authorized by the General Assembly in the Current Operations and Capital Improvements Appropriations Act of 2013. The first report due pursuant to GS 113B-12, as amended by Section 8(m) of this act, will be transmitted on or before January 1, 2014. Except as otherwise provided, the remainder of this act is effective when it becomes law.

Intro. by Newton, Rucho, Brock.

STUDY, GS 113, GS 113B, GS 114, GS 143, GS 143B

[View summary](#)

Energy, Environment/Natural Resources, Executive,

Department of Environment and Natural Resources,
Tax

ACTIONS ON BILLS

PUBLIC BILLS

H 74: REGULATORY REFORM ACT OF 2013 (NEW).

Senate: Passed 2nd Reading

Senate: Passed 3rd Reading

House: Rec To Concur S Com Sub

H 194: ALLOW PAVE CERTIFICATION/VETERINARY LICENSE.

Pres. To Gov. 7/19/2013

H 232: STATE HEALTH PLAN/STATUTORY CHANGES.-AB

Pres. To Gov. 7/19/2013

H 269: CHILDREN W/DISABILITIES SCHOLARSHIP GRANTS.

House: Rec To Concur S Com Sub

H 293: MORTGAGES/S.A.F.E. ACT.

Senate: Withdrawn From Com

Senate: Placed On Cal For 07/23/2013

H 522: FOREIGN LAWS/PROTECT CONSTITUTIONAL RIGHTS (NEW).

Senate: Passed 3rd Reading

Senate: Passed 2nd Reading

H 565: AMEND REAL ESTATE APPRAISERS' LAWS/FEEES.

House: Rec To Concur S Com Sub

H 636: CREEK NAME CHANGE.

Pres. To Gov. 7/19/2013

H 646: AIRPORTS EXEMPT FROM LOCAL TREE ORDINANCES.

Pres. To Gov. 7/19/2013

H 652: MODIFY JUDICIAL DISCIPLINE (NEW).

Senate: Failed 2nd Reading

Senate: Reconsidered 2nd Reading

Senate: Withdrawn From Cal

Senate: Re-ref Com On Rules and Operations of the Senate

H 692: AMEND PREDATORY LENDING LAW.

House: Rec To Concur S Com Sub

H 701: IT PURCHASING/CONVENIENCE CONTRACTS.

Pres. To Gov. 7/19/2013

S 73: LOCAL WORKFORCE DEV/DISLOCATED WORKERS.

Pres. To Gov. 07/19/2013

S 76: DOMESTIC ENERGY JOBS ACT.

Senate: Conf Com Reported

Senate: Placed On Cal For 07/23/2013

S 151: COASTAL POLICY REFORM ACT OF 2013.

Senate: Concurred In H/Com Sub

Senate: Ordered Enrolled

S 159: REQUIRE CERTAIN GENERAL REAPPRAISALS.

Pres. To Gov. 07/19/2013

S 223: SEVERANCE & RELOCATION FOR AREA DIRECTORS.

Pres. To Gov. 07/19/2013

S 341: AMEND INTERBASIN TRANSFER LAW.

Senate: Concurred In H/Com Sub

Senate: Ordered Enrolled

S 379: EXP. OF NATURAL GAS & PROPANE FOR AGRICULTURE (NEW).

Senate: Concurred In H/Com Sub

Senate: Ordered Enrolled

S 420: UI LAWS ADMINISTRATIVE CHANGES (NEW).

Senate: Withdrawn From Cal

Senate: Placed On Cal For 07/23/2013

S 444: UNC/CHEROKEE LANGUAGE.

Pres. To Gov. 07/19/2013

S 454: REGISTRATION OF PETROLEUM DEVICE TECHNICIANS.-AB

Pres. To Gov. 07/19/2013

S 485: UNC/REPORT/E-COMMERCE/IMPROVEMENTS (NEW).

Pres. To Gov. 07/19/2013

S 488: AMEND NURSING HOME ADMINISTRATOR ACT/FEES.

Pres. To Gov. 07/19/2013

S 538: RESULT FROM DOR INACTION ON REVIEW REQUESTS.

House: Rec From Senate

S 581: ESTABLISH HISTORICAL BOILERS LICENSING ACT

Senate: Passed 2nd Reading

Senate: Passed 3rd Reading

S 626: RECODIFY ANIMAL SHELTER LAW.

Senate: Concurred In H/Com Sub

Senate: Ordered Enrolled

LOCAL BILLS

H 491: SCHOOL RESOURCE OFFICERS/LEE COUNTY.

Senate: Withdrawn From Com

Senate: Re-ref Com On Rules and Operations of the Senate

H 493: ROBBINSVILLE/GRAHAM OCCUPANCY TAX (NEW).

House: Rec To Concur S Com Sub

H 726: WAKE COUNTY COMM. RESP. FOR SCHOOL CONSTR. (NEW).

Senate: Withdrawn From Cal

Senate: Placed On Cal For 07/23/2013

Senate: Amend Failed A1

Senate: Amend Failed A2

Senate: Passed 2nd Reading

H 870: DUPLIN COUNTY BOARDS OF COMMS. AND EDUC. (NEW).

House: Rec To Concur S Com Sub

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