

# **Coastal Storm Damage Mitigation & Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund Executive Summary - December 8, 2025**

## **Overview**

This document summarizes major statutory, budgetary, and programmatic changes from 2020–2025 affecting the Coastal Storm Damage Mitigation Fund (CSDMF) and the Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund (Shallow Draft Fund). Both funds play a critical role in coastal protection, waterway safety, and environmental resilience across North Carolina.

## **Coastal Storm Damage Mitigation Fund (CSDMF)**

- **Purpose:** Supports beach nourishment, dune restoration, and projects that mitigate coastal storm damage. Requires a 1:1 non-state cost share.
- **Trend Summary** (2021–2025):
  - 2021 & 2023 saw the only major funding infusions: \$40M (2021) and \$20M per year for 2023–25.
  - 2022 modernized the law, clarified eligible uses, required DEQ rulemaking and annual reporting.
  - 2024 & 2025: No new funding or statutory changes.
- **Key Takeaway:** Funding remains inconsistent. No appropriations occurred in 2024 or 2025, despite clear ongoing needs in coastal communities.
- **Notable Local Relevance to TISPC Municipalities:**
  - North Topsail Beach previously received nourishment funding.
  - All three towns (North Topsail Beach, Surf City, Topsail Beach) received support - beach plantings.
  - Current funding supports the Vitex removal program benefiting all communities.

## **Shallow Draft Navigation Channel Dredging & Aquatic Weed Fund (Shallow Draft Fund)**

- **Purpose:** Supports dredging of shallow draft channels, aquatic weed control, and (since recent changes) harmful algae and water quality mitigation.
- **Funding Source:** Motor fuel tax (1%), boat registration & titling fees.
- **Cost-Share:** Generally 3:1 (State:Local) for dredging; exceptions - Tier 1 counties and ferry channels.
- **Trend Summary** (2020–2025):
  - 2020–2021: Large transfers to cash balances for major statewide projects; statutory uses expanded.
  - 2022: Complete statutory rewrite clarified revenue sources, codified cost-share formulas, and required grant program rules.
  - 2023: Major directed grants (Lake Gaston, Lake Tabor, Robbins, Walden Pond); and some exempted from cost-share.
  - 2024: Expanded authority to address harmful algal blooms, increased caps for weed control; admin
  - 2025: Eliminated General Fund transfers; corrected base budgets; funded statewide Algae Control Program using the fund's large (>\$75M) cash balance.
- **Key Takeaway:** The Fund has evolved from a dredging program into a broad waterway management and water-quality tool, with growing emphasis on algal bloom mitigation and environmental health.

## **Overall Observations**

- CSDMF funding is inconsistent, creating long-term uncertainty for coastal municipalities that rely on state cost-sharing for nourishment and storm-damage mitigation projects.
- Shallow Draft Fund activity has become more expansive and stable, driven by recurring fuel tax revenue, and is increasingly used for statewide environmental priorities.
- Both funds were structurally modernized in 2022, providing clearer authority but not guaranteeing predictable appropriations.