

**Coastal Zone Conversion Permit Act
Economic Effect Work Group**

Initial Scope of Work

Goal: Identify specific economic items/issues for which the WG will provide information for RAC consideration.

Orienting Assumptions:

- 1) The WG will initially focus on providing “economic effect” input to the RAC that is responsive to specific statutory language in the CZCPA. An initial draft list of input “items” derived from CZCPA language is identified in the following subsection of this document, for WG discussion.
- 2) The WG will work to provide as much substantive content on these items as it can to the RAC prior to its October 9th meeting.
- 3) Items not ripe for RAC input prior to the October 9th meeting will be provided to the RAC prior to its November meeting.
- 4) Interactions/requests from the RAC will guide how the WG proceeds after the October and November RAC meetings.

Suggested Items for WG to Address in Upcoming Meetings:

- 1) Provide the RAC with options for determining the “existing or previous use” for which the “economic effect” is estimated by the applicant.

Related WG Charge Questions:

- a. Must the “existing or previous use” for “economic effect” be the same as the “most recent heavy industry use” for “net economic improvement”?
 - b. What can be done if an applicant cannot produce “economic effect” values for an existing or previous use?
 - c. What questions need to be asked in a conversion permit application to address...
 - i. ...economic effect of the existing or previous use?
- 2) Present the RAC with options for identifying specific assumptions, sources of data, or other information to be used by the applicant to develop economic effect estimates for “existing or previous use”.

Related WG Charge Questions:

- a. How can DNREC verify the veracity of applicant claims on “economic effect” and “net economic improvement”? For instance:
 - i. Should the applicant be expected to cite certain standards or literature?
 - ii. Should the applicant be expected to have their information third-party verified

- 3) Provide the RAC with options for identifying specific assumptions, sources of data, or other information to be used by the applicant to develop economic effect estimates for the “alternative or additional heavy industry use or bulk product transfer activity”.

Related WG Charge Questions:

- a. What questions need to be asked in a conversion permit application to address...
 - i. ...economic effect of the alternative or additional heavy industry use or bulk product transfer activity?
 - ii. ...net economic improvement inherent in the alternative or additional heavy industry use or bulk product transfer activity as compared to the most recent heavy industry use engaged at the site?

- 4) Provide the RAC with options for how applicants can estimate “economic effect” in a manner that, at the very least, addresses the economic effect “components” identified §7004(b)(2):

- a. Jobs created.
- b. Income generated by wages and salaries of those jobs in relation to the amount of land required.
- c. Tax revenues potentially accruing to state and local government.

Related WG Charge Questions:

- d. What factors can be reasonably included in the scope of “economic effect”?
- e. How can the applicant provide economic information to *meaningfully assess* a conversion permit application? That is, how can information be provided in such a way that it allows a DNREC permit analyst to reasonably assess the merit of the application?

- 5) Provide the RAC with options defining how applicants can estimate “the net economic improvement inherent in the alternative or additional heavy industry use or bulk product transfer activity as compared to the most recent heavy industry use engaged in at that site.”

Related WG Charge Questions:

- a. Does “net economic improvement” necessarily equal the delta (i.e., change) between the two “economic effect” measurements?
- b. What are viable baselines for evaluating “net economic improvement”?