

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

HOUSE BILL 366
RATIFIED BILL

AN ACT TO PROVIDE FURTHER REGULATORY RELIEF TO THE CITIZENS OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

INCREASE LIMITS ON PUBLIC EMPLOYEES BENEFITING FROM PUBLIC CONTRACTS

SECTION 1.(a) G.S. 14-234 reads as rewritten:

"§ 14-234. Public officers or employees benefiting from public contracts; exceptions.

...

(d1) Subdivision (a)(1) of this section does not apply to (i) any elected official or person appointed to fill an elective office of a village, town, or city having a population of no more than ~~15,000~~20,000 according to the most recent official federal census, (ii) any elected official or person appointed to fill an elective office of a county within which there is located no village, town, or city with a population of more than ~~15,000~~20,000 according to the most recent official federal census, (iii) any elected official or person appointed to fill an elective office on a city board of education in a city having a population of no more than ~~15,000~~20,000 according to the most recent official federal census, (iv) any elected official or person appointed to fill an elective office as a member of a county board of education in a county within which there is located no village, town or city with a population of more than ~~15,000~~20,000 according to the most recent official federal census, (v) any physician, pharmacist, dentist, optometrist, veterinarian, or nurse appointed to a county social services board, local health board, or area mental health, developmental disabilities, and substance abuse board serving one or more counties within which there is located no village, town, or city with a population of more than ~~15,000~~20,000 according to the most recent official federal census, and (vi) any member of the board of directors of a public hospital if all of the following apply:

- (1) The undertaking or contract or series of undertakings or contracts between the village, town, city, county, county social services board, county or city board of education, local health board or area mental health, developmental disabilities, and substance abuse board, or public hospital and one of its officials is approved by specific resolution of the governing body adopted in an open and public meeting, and recorded in its minutes and the amount does not exceed twenty thousand dollars (\$20,000) for medically related services and ~~forty thousand dollars (\$40,000)~~sixty thousand dollars (\$60,000) for other goods or services within a 12-month period.
- (2) The official entering into the contract with the unit or agency does not participate in any way or vote.
- (3) The total annual amount of contracts with each official, shall be specifically noted in the audited annual financial statement of the village, town, city, or county.
- (4) The governing board of any village, town, city, county, county social services board, county or city board of education, local health board, area mental



health, developmental disabilities, and substance abuse board, or public hospital which contracts with any of the officials of their governmental unit shall post in a conspicuous place in its village, town, or city hall, or courthouse, as the case may be, a list of all such officials with whom such contracts have been made, briefly describing the subject matter of the undertakings or contracts and showing their total amounts; this list shall cover the preceding 12 months and shall be brought up-to-date at least quarterly.

...."

SECTION 1.(b) This section is effective when it becomes law and applies to contracts executed on or after that date.

NC PRE-K SCHOOL OPTIONS

SECTION 2.(a) The Division of Childhood Development and Early Education of the Department of Health and Human Services shall post the following information on its website:

- (1) The educational opportunities for kindergarten offered by local school administrative units.
- (2) The educational opportunities for kindergarten offered by charter schools.
- (3) Scholarships for enrollment in nonpublic schools provided pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes, or any successor program.

This information shall be indexed or searchable by county, and the Division shall update the information on June 1 each year.

Facilities participating in the NC Pre-K program shall provide to all families the address of the website where the information can be found and a brief description of the information available. Upon request, a facility participating in the NC Pre-K program must furnish to a family a list of the following educational opportunities located in the same county as the NC Pre-K facility, or, if specified, any other county:

- (1) The educational opportunities for kindergarten offered by local school administrative units.
- (2) The educational opportunities for kindergarten offered by charter schools.
- (3) Scholarships for enrollment in nonpublic schools provided pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes, or any successor program.

SECTION 2.(b) This section becomes effective January 1, 2022.

STUDY EXPRESS PERMITTING EXPANSION

SECTION 3. The Department of Environmental Quality shall study and report on additional positions and funding needed as well as any changes in State or federal laws and regulations necessary to expand the Department's express permitting programs to include additional types of permits typically required for job creating and real estate development or redevelopment activities. Additional permits considered in the study shall include, at a minimum, permits for facilities not discharging to the surface waters of the State under Article 21 of Chapter 143 of the General Statutes and permits to apply petroleum-contaminated soil to land authorized under G.S. 143-215.1. The Department shall provide its report and recommendations to the Environmental Review Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division no later than March 1, 2022.

WASTEWATER RESERVE PRIORITY

SECTION 4.(a) G.S. 159G-23 reads as rewritten:

"§ 159G-23. Priority consideration for loan or grant from Wastewater Reserve or Drinking Water Reserve.

The considerations for priority in this section apply to a loan or grant from the Wastewater Reserve or the Drinking Water Reserve. The Division of Water Infrastructure must consider the following items when evaluating applications:

- ...
- (2) Effect on impaired waters. – A project that improves designated impaired waters of the ~~State~~State, with greater priority given to projects that improve designated impaired waters of the State that serve as a public water supply for a large public water system. For purposes of this subdivision, a large public water system is one serving more than 175,000 service connections.
- ...
- (11) ~~State water supply plan. Improve regional coordination.~~ – A project that addresses a potential conflict between local plans or implements a measure in which local water supply plans could be better ~~coordinated, as identified in the State water supply plan pursuant to G.S. 143-355(m).~~coordinated.
- ...
- (14) Disproportionate burden to protect water supply of higher-wealth neighboring local government unit. – Wastewater system improvements made by a local government unit in order to protect or preserve the water supply of a neighboring local government unit that has a lower poverty rate, lower utility bills, higher population growth, higher median household incomes, and lower unemployment."

SECTION 4.(b) This section becomes effective September 1, 2021, and applies to applications for loans or grants from the Wastewater Reserve or the Drinking Water Reserve received by the Division of Water Infrastructure on or after that date.

REVENUE LAWS STUDY

SECTION 5. The Department of Revenue shall provide to the Revenue Laws Study Committee information related to the property taxation of outdoor advertising signs. The information must include a review of the methods used to determine the fair market value of outdoor advertising signs in North Carolina, whether the Billboard Structures Valuation Guide published by the North Carolina Department of Revenue provides an accurate representation of the base costs for outdoor advertising structures in North Carolina, whether the Department should use data on actual costs attributed to structures constructed in North Carolina, the practices in other states, and any other issues the Department deems relevant.

The Department shall provide the requested information to the Committee no later than March 31, 2022.

MANUFACTURED HOMES INSTALLATION

SECTION 6.(a) G.S. 160D-910 is amended by adding a new subsection to read:

"(g) A local government may require by ordinance that manufactured homes be installed in accordance with the Set-Up and Installation Standards adopted by the Commissioner of Insurance; provided, however, a local government shall not require a masonry curtain wall or masonry skirting for manufactured homes located on land leased to the homeowner."

SECTION 6.(b) This section becomes effective October 1, 2021.

DIVISION OF EMERGENCY MANAGEMENT STUDY

SECTION 7.(a) Study. – The Division of Emergency Management of the Department of Public Safety shall study the needs of law enforcement, emergency medical and emergency management personnel, and firefighters to improve access to or within the interstate

system of this State for the benefit of public safety. In conducting the study, the Division may consult with the Department of Transportation, the Office of State Fire Marshal of the Department of Insurance, the Office of Emergency Medical Services of the Department of Health and Human Services, and any other State or local government organizations the Division determines may be of assistance in the course of the study. In performing the study, the Division shall, at a minimum, take the following steps:

- (1) Consult with county fire marshal divisions, emergency management offices, and emergency medical service divisions to determine potential sites of interest for construction or improvement relevant to the study.
- (2) Establish criteria to prioritize sites of interest for either construction or improvement.
- (3) Review applicable federal and State laws, codes, standards, and studies relevant to the study.
- (4) Review (i) existing Department of Transportation planning, design, and construction standards for interchanges, median crossovers, and access points and (ii) how those standards consider the needs of law enforcement, emergency medical and emergency management personnel, and firefighters.
- (5) Consider the feasibility of providing opportunities for stakeholder input during the planning of future interstate improvements that focus on the needs of law enforcement, emergency medical and emergency management personnel, and firefighters.
- (6) Examine any other matters the Division deems relevant in the course of the study.

SECTION 7.(b) Report. – The Division shall report its findings and recommendations, including any legislative proposals, to the Joint Legislative Oversight Committee on Justice and Public Safety, the Joint Legislative Emergency Management Oversight Committee, and the Joint Legislative Transportation Oversight Committee no later than March 1, 2022.

INSURANCE CANCELLATION PROOF OF MAILING

SECTION 8.(a) G.S. 58-41-15 reads as rewritten:

"§ 58-41-15. Certain policy cancellations prohibited.

...

(b) Any cancellation permitted by subsection (a) of this section is not effective unless written notice of cancellation has been delivered or mailed to the insured, not less than 15 days before the proposed effective date of cancellation. The notice must be given or mailed to the insured, and any designated mortgagee or loss payee at their addresses shown in the policy or, if not indicated in the policy, at their last known addresses. The notice must state the precise reason for cancellation. ~~Proof of mailing is sufficient proof of notice.~~ Failure to send this notice to any designated mortgagee or loss payee invalidates the cancellation only as to the mortgagee's or loss payee's interest.

...

(f) For purposes of this section, proof of mailing is sufficient proof of notice."

SECTION 8.(b) This section becomes effective October 1, 2021, and applies to policies issued, amended, or renewed on or after that date.

CLARIFICATION REGARDING USE OF INSURANCE SECONDARY SOURCES IN INTERPRETING LAW

SECTION 8A. Article 1 of Chapter 58 of the General Statutes is amended by adding a new section to read:

"§ 58-1-2. Insurance secondary sources not authoritative.

A secondary source on insurance in any legal treatise, scholarly publication, textbook, or other explanatory text does not constitute the law or public policy of the State and is not authoritative if the secondary source purports to create, eliminate, expand, or restrict a cause of action, right, or remedy or if it conflicts with:

- (1) The Constitution of the United States or the Constitution of North Carolina;
- (2) The General Statutes;
- (3) North Carolina case law precedent; or
- (4) Other common law that may have been adopted by North Carolina courts."

NONFORFEITURE INTEREST GUARANTEE CHANGE

SECTION 8B. G.S. 58-58-61(e) reads as rewritten:

"(e) The interest rate used in determining minimum nonforfeiture amounts shall be an annual rate of interest determined as the lesser of three percent (3%) per annum and the following, which shall be specified in the contract if the interest rate will be reset:

- (1) The five-year Constant Maturity Treasury Rate reported by the Federal Reserve as of a date, or average over a period, rounded to the nearest one-twentieth of one percent (0.05%), specified in the contract no longer than 15 months before the contract issue date or redetermination date under subdivision (4) of this subsection.
- (2) Reduced by 125 basis points.
- (3) Where the resulting interest guarantee is not less than ~~one percent (1%)~~ fifteen-hundredths of one percent (0.15%).
- (4) The interest rate shall apply for an initial period and may be redetermined for additional periods. The redetermination date, basis, and period, if any, shall be stated in the contract. The basis is the date or average over a specified period that produces the value of the five-year Constant Maturity Treasury Rate to be used at each redetermination date."

DISALLOW CERTAIN TRANSPORTATION RULES FROM BECOMING EFFECTIVE

SECTION 11.(a) The following rules, as adopted by the North Carolina Department of Transportation on August 28, 2020, and approved by the Rules Review Commission on February 18, 2021, shall not become effective:

- (1) 19A NCAC 02E .0204 (Local Zoning Authorities)
- (2) 19A NCAC 02E .0206 (Applications)
- (3) 19A NCAC 02E .0225 (Repair/Maintenance/Alteration/Reconstruction of Signs)

SECTION 11.(b) This section is effective when it becomes law.

ALLOW DISTILLERIES TO SELL SPIRITUOUS LIQUOR PRODUCED BY THE DISTILLER DIRECTLY TO CONSUMERS IN OTHER STATES

SECTION 12.(a) G.S. 18B-800 reads as rewritten:

"§ 18B-800. Sale of alcoholic beverages in ABC stores.

...

(c2) Orders of Eligible Distillery Products by Mixed Beverages Permittees. – A local board shall fulfill an order by a mixed beverages permittee for individual bottles or cases of spirituous liquor produced by an eligible distillery that are listed as a regular code item for sale in the State. If a local board cannot fulfill an order of a mixed beverages permittee for individual bottles or cases of spirituous liquor produced by an eligible distillery that are listed as a regular code item for sale in the State because the product ordered is not in the local board's stock inventory or the order cannot otherwise be fulfilled within the time period requested by the

permittee, the local board shall notify the Commission within 48 hours of the request for the order and request authorization for direct shipment. The Commission shall then determine if the eligible distillery desires to directly ship the ordered product directly to the local board, and if so the Commission shall authorize the eligible distillery to ship the spirituous liquor ordered to the local board for the fulfillment of the mixed beverages permittee's order. Merchandise authorized to be shipped by direct shipment under this subsection shall be consigned by the State ABC warehouse to the distiller's account in care of the local board. The local board shall acknowledge receipt of the merchandise on the shipping documents and forward them to the State ABC warehouse for processing through the accounting system as though the merchandise were shipped from the State ABC warehouse. As used in this subsection, an "eligible distillery" is a distillery (i) that sells, to consumers at the distillery, to exporters, to local boards, and to private or public agencies or establishments of other states or nations, fewer than 10,000 proof gallons of in-house brand spirituous liquors distilled or produced and manufactured by it at the permit holder's distillery per year, and (ii) that is either the holder of a distillery permit pursuant to G.S. 18B-1105 or is a business located outside the State that is licensed or permitted to manufacture spirituous liquor in the jurisdiction where the business is located and whose products are lawfully sold in this State.

...

(e) Each ABC store shall display spirits which are distilled or produced in North Carolina in an area dedicated solely to North Carolina products."

SECTION 12.(b) G.S. 18B-1001(19)e. reads as rewritten:

"e. The spirituous liquor used in the consumer tasting event shall be distilled or produced at the distillery where the event is being held by the permit holder conducting the event."

SECTION 12.(c) G.S. 18B-1105(a)(4) reads as rewritten:

"(4) Sell spirituous liquor distilled or produced at the distillery in closed containers to visitors who tour the distillery for consumption off the premises. Sales under this subdivision are allowed only in a county where the establishment of a county or municipal ABC store has been approved pursuant to G.S. 18B-602(g) and are subject to the time and day restrictions in G.S. 18B-802. Spirituous liquor sold under this subdivision shall (i) be listed as a code item for sale in the State, (ii) be sold at the price set by the Commission for the code item pursuant to G.S. 18B-804(b), and (iii) have affixed to its bottle any labeling requirements set by law."

SECTION 12.(d) G.S. 18B-1105(a)(2) reads as rewritten:

"(2) Sell, deliver and ship spirituous liquor in closed containers at wholesale to (i) exporters and local boards within the State, and, (ii) subject to the laws of other jurisdictions, at wholesale or retail to consumers in other states or nations, or private or public agencies or establishments of other states or nations, except that the holder of a distillery permit may not sell, deliver, or ship spirituous liquor at retail to consumers in jurisdictions that require reciprocity in order to allow such sales, deliveries, or shipments."

SECTION 12.(e) The Alcoholic Beverage Control Commission shall amend its rules consistent with the provisions of this section. The Commission may use the procedure set forth in G.S. 150B-21.1 to amend any rules as required under this section.

SECTION 12.(f) This section becomes effective September 1, 2021, and subsection (d) of this section applies to sales made on or after that date.

WAIVER OF POST-CONSTRUCTION CONFERENCE FOR CERTAIN ENGINEERED WASTEWATER SYSTEMS

SECTION 12A. G.S. 130A-336.1(j) reads as rewritten:

"(j) Post-Construction Conference. – The professional engineer designing the wastewater system shall hold a post-construction conference with the owner of the wastewater system; the licensed soil scientist or licensed geologist who performed the soils evaluation for the wastewater system; the on-site wastewater system contractor, certified pursuant to Article 5 of Chapter 90A of the General Statutes, who installed the wastewater system; the certified operator of the wastewater system, if any; and representatives from the local health department and, as applicable, the Department. The post-construction conference shall include start-up of the wastewater system and any required verification of system design or system components. The post-construction conference required by this subsection may be waived for Type I, II, and III wastewater systems, as listed in 15A NCAC 18A .1961 Table V(a), upon written request by the professional engineer and written approval by the owner of the wastewater system."

SECTION 12.1. G.S. 130A-343(a) reads as rewritten:

"§ 130A-343. Approval of on-site subsurface wastewater systems.

(a) Definitions. – As used in this section:

...
(8) "Prefabricated permeable block panel system" is a series of units for onsite wastewater dispersal manufactured of cementitious materials of coarse and fine lightweight expanded shale aggregate along with Portland cement, connected together by plastic pipe. The unit shall be of rigid design, constructed and installed to withstand load requirements without collapse, compression, or deflection."

REMOTE INSPECTIONS FOR NORTH CAROLINA STATE BUILDING CODE COMPLIANCE

SECTION 12.5.(a) G.S. 143-139(b) is amended by adding a new subdivision to read:

"(3) Develop eligibility criteria for and procedures to conduct certain inspections required by the North Carolina State Building Code as remote inspections. For the purposes of this subdivision, a "remote inspection" means an inspection of the manner of construction for North Carolina State Building Code compliance that an inspector conducts by (i) interactive real-time audio and video communication with a permit holder or (ii) a review of an electronic video recording submission by a permit holder."

SECTION 12.5.(b) G.S. 160D-1104 reads as rewritten:

"§ 160D-1104. Duties and responsibilities.

...
(c) In performing the specific inspections required by the North Carolina Building Code, the inspector shall conduct all inspections requested by the permit holder for each scheduled ~~inspection visit.~~ inspection. For each requested inspection, the inspector shall inform the permit holder of instances in which the work inspected fails to meet the requirements of the North Carolina Residential Code for One- and Two-Family Dwellings or the North Carolina Building Code.

(d) Except as provided in G.S. 160D-1117 and G.S. 160D-1207, a local government may not adopt or enforce a local ordinance or resolution or any other policy that requires regular, routine inspections of buildings or structures constructed in compliance with the North Carolina Residential Code for One- and Two-Family Dwellings in addition to the specific inspections required by the North Carolina Building Code without first obtaining approval from the North Carolina Building Code Council. The North Carolina Building Code Council shall review all applications for additional inspections requested by a local government and shall, in a reasonable manner, approve or disapprove the additional inspections. This subsection does not limit the authority of the local government to require inspections upon unforeseen or unique circumstances

that require immediate action. In performing the specific inspections required by the North Carolina Residential Building Code, the inspector shall conduct all inspections requested by the permit holder for each scheduled ~~inspection visit~~ inspection. For each requested inspection, the inspector shall inform the permit holder of instances in which the work inspected is incomplete or otherwise fails to meet the requirements of the North Carolina Residential Code for One- and Two-Family Dwellings or the North Carolina Building Code.

...."

SECTION 12.5.(c) Article 11 of Chapter 160D of the General Statutes is amended by adding a new section to read:

"§ 160D-1104.1. Remote inspection alternative.

An inspection department shall implement remote inspection procedures in accordance with criteria and procedures developed pursuant to G.S. 143-139(b)(3). An inspection department must provide the option to elect remote inspections for a project to a building permit applicant. An inspection department must specify the extent to which a project is eligible for remote inspections at the time of building permit issuance."

SECTION 12.5.(d) Subsection (c) of this section becomes effective January 1, 2022, and applies to permit applications filed on or after that date. The remainder of this section is effective when it becomes law.

EFFECTIVE DATE

SECTION 13. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 19th day of August, 2021.

s/ Phil Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

Roy Cooper
Governor

Approved _____m. this _____ day of _____, 2021