



# HOUSE BILL 865: Private Commercial Inspection System.

2021-2022 General Assembly

---

<b>Committee:</b>	House Local Government - Land Use, Planning and Development. If favorable, re-refer to Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House	<b>Date:</b>	June 17, 2021
<b>Introduced by:</b>	Reps. Brody, Hardister, Moffitt, Arp	<b>Prepared by:</b>	Billy R. Godwin Staff Attorney
<b>Analysis of:</b>	PCS to First Edition H865-CSBGf-18		

---

**OVERVIEW:** *House Bill 865 would authorize the North Carolina Code Officials Qualification Board (Q-Board) to certify, register, and regulate private inspectors to conduct inspections of commercial buildings and structures for compliance with the State Building Code (Code) and to issue certificates of compliance with the Code.*

*The proposed committee substitute would modify the effective date.*

**CURRENT LAW:** Article 11 of Chapter 160D of the General Statutes imposes a duty on local governments to enforce State and local laws relating to the construction of buildings and other structures and the installation of plumbing, electrical, heating, refrigeration, and air-conditioning systems. This duty includes the making of any necessary inspections required by the Code and the issuance or denial of certificates of compliance with the Code. Once all work under a building permit is concluded, the local government inspector conducts a final inspection and, if the completed work complies with all applicable State and local laws and with the building permit, issues a certificate of compliance. Only local government inspectors certified as a qualified Code-enforcement official may conduct inspections for Code compliance. Code-enforcement officials are certified under and governed by the Q-Board, a 20 member administrative board, established under Article 9C of Chapter 143 of the General Statutes and located within the Department of Insurance.

## BILL ANALYSIS:

**Section 1**, effective October 1, 2021, would:

- Define the terms "private commercial inspection" and "private commercial inspector."
- Authorize the Q-Board to:
  - Certify and register persons as a qualified private commercial inspectors (PCI).
  - Require PCI applicants to pass an exam based on the Code and its administrative procedures.
  - Issue a PCI certificate to and exempt from the exam requirement:
    - Code-enforcement officials in this State and other states with equivalent standards.
    - Code-enforcement officials certified by the International Code Council.
    - Licensed N.C. architects and engineers.
  - Issue both a standard and limited PCI certificate in building inspection, electrical inspection, mechanical inspection, plumbing inspection, and fire inspection.
  - Limit a PCIs inspection to only those areas in which the inspector is certified.

Jeffrey Hudson  
Director



Legislative Analysis  
Division  
919-733-2578

# House PCS 865

Page 2

- Establish the continuing education and professional development requirements for PCIs and to adopt rules to implement those requirements.
- Charge a fee for initial PCI certification, for certification renewal, and for certification registration.
- Prohibit PCIs from inspecting any properties in which the inspector - or one with whom the inspector has a close familial, business, or associational relationship - has an ownership or direct financial interest in.
- Subject PCIs to the disciplinary provisions of the Q-Board and makes it a Class 1 misdemeanor to hold oneself out as a PCI without valid Q-Board certification.
- Require PCIs to register with the Q-Board and require the Q-Board to maintain a list of all registered PCIs on the Department of Insurance website.

**Section 2**, effective January 1, 2022, would:

- Require local governments to reimburse inspection fees paid by permit holders for any inspections conducted by PCIs.
- Alleviate local governments from the duty of inspecting for Code compliance, those commercial buildings and structures being inspected by PCIs.
- Require local governments to conduct all final fire inspections.

**Section 3**, effective January 1, 2022, would:

- Prohibit local governments from adopting ordinances prohibiting inspections by PCIs.
- Allow local governments to hire PCIs to conduct inspections for that local government.
- Require local governments to accept and approve an inspection report signed by a PCI provided all of the following apply:
  - The inspection is limited to Code compliance.
  - The PCI submitting the inspection report is designated on the building permit application or amendment.
  - The PCI conducting the inspection:
    - Is qualified to conduct that type of commercial inspection.
    - If different than the PCI submitting the inspection report, is employed by or under contract with, the PCI submitting the report.
  - The inspection report contains the PCIs assigned registration number.
  - A copy of each signed inspection report is provided to the local government.
  - A payment bond or proof of insurance coverage is provided to the local government.
  - The permit holder and PCI execute a written contract containing certain enumerated terms.
  - The inspection report is on a form developed by the Q-Board.
- Release local governments from any claim arising out of inspections performed by PCIs.
- Require permit holders using PCIs to either post a payment bond or provide coverage in favor of the local government in amount of one hundred twenty-five percent (125%) of the estimated cost to inspect the project.
- Require local governments, upon written request of permit holders, to assume responsibility for inspection of projects where PCIs cease inspecting.
- Grant immunity to PCIs for property loss or personal injury caused by an act, error, or omission arising out of a PCIs inspection or issuance of a certificate of compliance with the Code unless conduct was intentional or willful and wanton.
- Require the Q-Board to develop the following private commercial inspection forms and prohibit local governments from requiring information other than that contained on the form:
  - Inspection reports.

# House PCS 865

Page 3

- Notice of intent to use a PCI.
- Certificates of compliance with the Code issued by PCIs.
- Provide that where PCIs are used:
  - Building permit applicants must attach a Notice of Intent to use a PCI to their permit application on the form developed by the Q-Board.
  - Local government building permit fees are reduced by eighty percent (80%) with the remaining twenty percent (20%) for administrative costs.
  - Local governments may only inspect to determine compliance with local government laws but must still conduct the final fire inspection.
- Require building permits to be amended to designate use of or changes to a PCI.
- Allow PCIs to issue certificates of compliance with the Code upon 60 days written notice to the local government with jurisdiction and require a copy be provided to the local government upon issuance.
- Provide that only local governments may issue certificates of occupancy.
- Allows local governments to issue a certificate of occupancy in reliance on the certificate of compliance with the Code issued by a PCI and discharges and releases that local government from liability for claims arising out of that certificate of compliance.

**Section 4**, effective when the bill becomes law, would require the Department of Insurance to adopt temporary rules to implement the act no later than 90 days after it becomes law.

**EFFECTIVE DATE:** Except as otherwise noted above, the bill is effective when it becomes law.