

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021

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Short Title: Regulatory Reform Act of 2021.

(Public)

Sponsors:

Referred to:

March 24, 2021

A BILL TO BE ENTITLED

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**

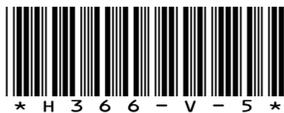
**SECTION 1.(a)** G.S. 14-234 reads as rewritten:

**"§ 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



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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,

1 permits for facilities not discharging to the surface waters of the State under Article 21 of Chapter  
2 143 of the General Statutes and permits to apply petroleum-contaminated soil to land authorized  
3 under G.S. 143-215.1. The Department shall provide its report and recommendations to the  
4 Environmental Review Commission, the Joint Legislative Oversight Committee on Agriculture  
5 and Natural and Economic Resources, and the Fiscal Research Division no later than March 1,  
6 2022.

## 8 WASTEWATER RESERVE PRIORITY

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

### 10 "§ 159G-23. Priority consideration for loan or grant from Wastewater Reserve or Drinking 11 Water Reserve.

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

15 ...

16 (2) Effect on impaired waters. – A project that improves designated impaired  
17 waters of the ~~State~~ State, with greater priority given to projects that improve  
18 designated impaired waters of the State that serve as a public water supply for  
19 a large public water system. For purposes of this subdivision, a large public  
20 water system is one serving more than 175,000 service connections.

21 ...

22 (11) ~~State water supply plan. Improve regional coordination.~~ – A project that  
23 addresses a potential conflict between local plans or implements a measure in  
24 which local water supply plans could be better ~~coordinated, as identified in~~  
25 ~~the State water supply plan pursuant to G.S. 143-355(m).~~ coordinated.

26 ...

27 (14) Disproportionate burden to protect water supply of higher-wealth neighboring  
28 local government unit. – Wastewater system improvements made by a local  
29 government unit in order to protect or preserve the water supply of a  
30 neighboring local government unit that has a lower poverty rate, lower utility  
31 bills, higher population growth, higher median household incomes, and lower  
32 unemployment."

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

## 37 REVENUE LAWS STUDY

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

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

## 49 MANUFACTURED HOMES INSTALLATION

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

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

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

#### 7 **DIVISION OF EMERGENCY MANAGEMENT STUDY**

8               **SECTION 7.(a)** Study. – The Division of Emergency Management of the  
9 Department of Public Safety shall study the needs of law enforcement, emergency medical and  
10 emergency management personnel, and firefighters to improve access to or within the interstate  
11 system of this State for the benefit of public safety. In conducting the study, the Division may  
12 consult with the Department of Transportation, the Office of State Fire Marshal of the  
13 Department of Insurance, the Office of Emergency Medical Services of the Department of Health  
14 and Human Services, and any other State or local government organizations the Division  
15 determines may be of assistance in the course of the study. In performing the study, the Division  
16 shall, at a minimum, take the following steps:

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

34               **SECTION 7.(b)** Report. – The Division shall report its findings and  
35 recommendations, including any legislative proposals, to the Joint Legislative Oversight  
36 Committee on Justice and Public Safety, the Joint Legislative Emergency Management Oversight  
37 Committee, and the Joint Legislative Transportation Oversight Committee no later than March  
38 1, 2022.  
39

#### 40 **INSURANCE CANCELLATION PROOF OF MAILING**

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

42 **"§ 58-41-15. Certain policy cancellations prohibited.**

43       ...

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

1 ...  
2 (f) For purposes of this section, proof of mailing is sufficient proof of notice."

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

5  
6 **CLARIFICATION REGARDING USE OF INSURANCE SECONDARY SOURCES IN**  
7 **INTERPRETING LAW**

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

10 **"§ 58-1-2. Insurance secondary sources not authoritative.**

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

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

19  
20 **NONFORFEITURE INTEREST GUARANTEE CHANGE**

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

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

- 25 (1) The five-year Constant Maturity Treasury Rate reported by the Federal  
26 Reserve as of a date, or average over a period, rounded to the nearest  
27 one-twentieth of one percent (0.05%), specified in the contract no longer than  
28 15 months before the contract issue date or redetermination date under  
29 subdivision (4) of this subsection.  
30 (2) Reduced by 125 basis points.  
31 (3) Where the resulting interest guarantee is not less than ~~one percent~~  
32 ~~(1%)~~ fifteen-hundredths of one percent (0.15%).  
33 (4) The interest rate shall apply for an initial period and may be redetermined for  
34 additional periods. The redetermination date, basis, and period, if any, shall  
35 be stated in the contract. The basis is the date or average over a specified  
36 period that produces the value of the five-year Constant Maturity Treasury  
37 Rate to be used at each redetermination date."

38  
39 **DISALLOW CERTAIN TRANSPORTATION RULES FROM BECOMING**  
40 **EFFECTIVE**

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

- 44 (1) 19A NCAC 02E .0204 (Local Zoning Authorities)  
45 (2) 19A NCAC 02E .0206 (Applications)  
46 (3) 19A NCAC 02E .0225 (Repair/Maintenance/Alteration/Reconstruction of  
47 Signs)

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

49  
50 **ALLOW DISTILLERIES TO SELL SPIRITUOUS LIQUOR PRODUCED BY THE**  
51 **DISTILLER DIRECTLY TO CONSUMERS IN OTHER STATES**

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

2   "**§ 18B-800. Sale of alcoholic beverages in ABC stores.**

3       ...

4       (c2) Orders of Eligible Distillery Products by Mixed Beverages Permittees. – A local  
5 board shall fulfill an order by a mixed beverages permittee for individual bottles or cases of  
6 spirituous liquor produced by an eligible distillery that are listed as a regular code item for sale  
7 in the State. If a local board cannot fulfill an order of a mixed beverages permittee for individual  
8 bottles or cases of spirituous liquor produced by an eligible distillery that are listed as a regular  
9 code item for sale in the State because the product ordered is not in the local board's stock  
10 inventory or the order cannot otherwise be fulfilled within the time period requested by the  
11 permittee, the local board shall notify the Commission within 48 hours of the request for the  
12 order and request authorization for direct shipment. The Commission shall then determine if the  
13 eligible distillery desires to directly ship the ordered product directly to the local board, and if so  
14 the Commission shall authorize the eligible distillery to ship the spirituous liquor ordered to the  
15 local board for the fulfillment of the mixed beverages permittee's order. Merchandise authorized  
16 to be shipped by direct shipment under this subsection shall be consigned by the State ABC  
17 warehouse to the distiller's account in care of the local board. The local board shall acknowledge  
18 receipt of the merchandise on the shipping documents and forward them to the State ABC  
19 warehouse for processing through the accounting system as though the merchandise were  
20 shipped from the State ABC warehouse. As used in this subsection, an "eligible distillery" is a  
21 distillery (i) that sells, to consumers at the distillery, to exporters, to local boards, and to private  
22 or public agencies or establishments of other states or nations, fewer than 10,000 proof gallons  
23 of in-house brand spirituous liquors distilled or produced and manufactured by it at the permit  
24 holder's distillery per year, and (ii) that is either the holder of a distillery permit pursuant to  
25 G.S. 18B-1105 or is a business located outside the State that is licensed or permitted to  
26 manufacture spirituous liquor in the jurisdiction where the business is located and whose products  
27 are lawfully sold in this State.

28       ...

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

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

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

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

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

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

46           "(2) Sell, deliver and ship spirituous liquor in closed containers at wholesale to (i)  
47           exporters and local boards within the State, and, (ii) subject to the laws of  
48           other jurisdictions, at wholesale or retail to consumers in other states or  
49           nations, or private or public agencies or establishments of other states or  
50           nations-nations, except that the holder of a distillery permit may not sell,

1 deliver, or ship spirituous liquor at retail to consumers in jurisdictions that  
2 require reciprocity in order to allow such sales, deliveries, or shipments."

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

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

## 8 9 **WAIVER OF POST-CONSTRUCTION CONFERENCE FOR CERTAIN ENGINEERED** 10 **WASTEWATER SYSTEMS**

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

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

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

24 **"§ 130A-343. Approval of on-site subsurface wastewater systems.**

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

26 ...  
27 (8) "Prefabricated permeable block panel system" is a series of units for onsite  
28 wastewater dispersal manufactured of cementitious materials of coarse and  
29 fine lightweight expanded shale aggregate along with Portland cement,  
30 connected together by plastic pipe. The unit shall be of rigid design,  
31 constructed and installed to withstand load requirements without collapse,  
32 compression, or deflection."

## 33 34 **REMOTE INSPECTIONS FOR NORTH CAROLINA STATE BUILDING CODE** 35 **COMPLIANCE**

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

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

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

47 **"§ 160D-1104. Duties and responsibilities.**

48 ...  
49 (c) In performing the specific inspections required by the North Carolina Building Code,  
50 the inspector shall conduct all inspections requested by the permit holder for each scheduled  
51 ~~inspection visit.~~ inspection. For each requested inspection, the inspector shall inform the permit

1 holder of instances in which the work inspected fails to meet the requirements of the North  
2 Carolina Residential Code for One- and Two-Family Dwellings or the North Carolina Building  
3 Code.

4 (d) Except as provided in G.S. 160D-1117 and G.S. 160D-1207, a local government may  
5 not adopt or enforce a local ordinance or resolution or any other policy that requires regular,  
6 routine inspections of buildings or structures constructed in compliance with the North Carolina  
7 Residential Code for One- and Two-Family Dwellings in addition to the specific inspections  
8 required by the North Carolina Building Code without first obtaining approval from the North  
9 Carolina Building Code Council. The North Carolina Building Code Council shall review all  
10 applications for additional inspections requested by a local government and shall, in a reasonable  
11 manner, approve or disapprove the additional inspections. This subsection does not limit the  
12 authority of the local government to require inspections upon unforeseen or unique circumstances  
13 that require immediate action. In performing the specific inspections required by the North  
14 Carolina Residential Building Code, the inspector shall conduct all inspections requested by the  
15 permit holder for each scheduled ~~inspection visit.~~ inspection. For each requested inspection, the  
16 inspector shall inform the permit holder of instances in which the work inspected is incomplete  
17 or otherwise fails to meet the requirements of the North Carolina Residential Code for One- and  
18 Two-Family Dwellings or the North Carolina Building Code.

19 ...."

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

22 "**§ 160D-1104.1. Remote inspection alternative.**

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

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

31  
32 **EFFECTIVE DATE**

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