

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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HOUSE BILL 893
Committee Substitute Favorable 6/14/23

Short Title: Private Commercial Building Inspection.

(Public)

Sponsors:

Referred to:

April 26, 2023

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE INSPECTIONS BY PRIVATE INSPECTORS OF COMMERCIAL
3 BUILDINGS AND STRUCTURES FOR COMPLIANCE WITH THE NORTH
4 CAROLINA STATE BUILDING CODE.

5 The General Assembly of North Carolina enacts:

6 SECTION 1.(a) G.S. 143-151.8(a) reads as rewritten:

7 "§ 143-151.8. Definitions.

8 (a) As used in this Article, unless the context otherwise requires:

9 ...

10 (4a) Private commercial inspection. – An inspection by a private commercial
11 inspector of the manner of construction, workmanship, and materials for the
12 construction of commercial buildings and structures, including their
13 components and elements, for compliance with the North Carolina State
14 Building Code, except those sections of the Code which pertain to boilers and
15 elevators which the State Department of Labor engages in the administration
16 and enforcement of those sections.

17 (4b) Private commercial inspector. – A person qualified through certification and
18 registration pursuant to this Article to engage in the practice of private
19 commercial inspections, whether as an individual, firm, corporation, or other
20 legal entity.

21"

22 SECTION 1.(b) G.S. 143-151.12 reads as rewritten:

23 "§ 143-151.12. Powers.

24 In addition to powers conferred upon the Board elsewhere in this Article, the Board has the
25 power to do the following:

26 (1) Adopt rules necessary to administer this Article.

27 (1a) Require State agencies, local inspection departments, and local governing
28 bodies to submit reports and information about the employment, education,
29 and training of Code-enforcement officials.

30 (2) Establish minimum standards for employment as a Code-enforcement official:
31 (i) in probationary or temporary status, and (ii) in permanent positions.

32 (3) Certify persons as being qualified under the provisions of this Article to be
33 Code-enforcement officials, including persons employed by a federally
34 recognized Indian Tribe to perform inspections on tribal lands.



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- 1 (3a) Certify and register persons as being qualified under the provisions of this
2 Article to be private commercial inspectors for the purposes of conducting
3 private commercial inspections.
- 4 (4) Consult and cooperate with counties, municipalities, agencies of this State,
5 other governmental agencies, and with universities, colleges, junior colleges,
6 community colleges and other institutions concerning the development of
7 Code-enforcement training or private commercial inspector schools and
8 programs or courses of instruction.
- 9 (5) Establish minimum standards and levels of education or equivalent experience
10 for all Code-enforcement or private commercial inspector instructors, teachers
11 or professors.
- 12 (5a) Ensure that the minimum standards for and education of private commercial
13 inspectors include specific instruction on the duties and responsibilities
14 imposed by law on a private commercial inspector.
- 15 (6) Conduct and encourage research by public and private agencies that shall be
16 designed to improve education and training in the administration of Code
17 ~~enforcement.~~enforcement or private commercial inspection.
- 18 (7) Adopt and amend bylaws, consistent with law, for its internal management
19 and control; appoint advisory committees as necessary; and enter into
20 contracts and do other things as necessary and incidental to the exercise of its
21 authority pursuant to this Article.
- 22 (8) Make recommendations concerning any matters within its purview pursuant
23 to this Article.
- 24 (9) Establish within the Department of Insurance a marketplace pool of qualified
25 Code-enforcement officials available for the following purposes:
- 26 a. When requested by the Insurance Commissioner, to assist in the
27 discharge of the Commissioner's duty under G.S. 143-139 to
28 supervise, administer, and enforce the North Carolina State Building
29 Code.
- 30 b. When requested by local inspection departments, to assist in Code
31 enforcement.
- 32 (10) Establish criteria to be used by the Department of Insurance to verify that
33 private commercial inspectors meet the standards required for private
34 commercial inspections."

35 **SECTION 1.(c)** G.S. 143-151.14 reads as rewritten:

36 **"§ 143-151.14. Comity.**

37 ...

38 (a1) The Board may, without requiring an examination, grant a standard private
39 commercial inspector certificate as a qualified private commercial inspector for a particular type
40 of position and level to any person who, at the time of application, is certified as the equivalent
41 of a private commercial inspector, in good standing by a similar board of another state, district,
42 or territory where standards are acceptable to the Board and not lower than those required by this
43 Article for a similar type of position and level in this State.

44 ...

45 (b1) The Board may, without requiring an examination, grant a standard private
46 commercial inspector certificate as a qualified private commercial inspector for a particular type
47 of position and level to any person who, at the time of application, is certified as the equivalent
48 of a private commercial inspector, in good standing by the International Code Council where
49 standards and examination are acceptable to the Board and not lower than those required by this
50 Article for a type of position and level in this State.

1 (c) The certificates granted under subsections ~~(a) and (b)~~ (a), (a1), (b), and (b1) of this
2 section shall expire after three years unless within that time period the holder completes a short
3 course, as prescribed by the Board, relating to the State Building Code regulations and
4 Code-enforcement administration.

5"

6 **SECTION 1.(d)** Article 9C of Chapter 143 of the General Statutes is amended by
7 adding a new section to read:

8 **"§ 143-151.14A. Required standards and certificates for private commercial inspectors.**

9 (a) No person shall engage in private commercial inspection under this Article unless that
10 person possesses a standard private commercial inspector certificate, currently valid, issued by
11 the Board attesting to that person's qualifications to engage in private commercial inspection. To
12 obtain a standard private commercial inspector certificate, a person must pass an examination, as
13 prescribed by the Board or by a contracting party under G.S. 143-151.16(d), that is based on the
14 North Carolina State Building Code and administrative procedures required for Code
15 enforcement or private commercial inspection. The Board may issue a standard private
16 commercial inspector certificate of qualification to each person who successfully completes the
17 examination. If the applicant for a private commercial inspector certificate is a person other than
18 an individual, the examination must be taken by one or more of the responsible managing officers
19 or members of the personnel of the applicant.

20 (b) The private commercial inspector certificate authorizes that person, upon registration
21 as provided in G.S. 143-151.19A, to engage in private commercial inspection and to practice as
22 a qualified private commercial inspector in North Carolina. The private commercial inspector
23 certificate of qualification shall bear the signatures of the chairman and secretary of the Board.

24 (c) The Board shall issue one or more standard private commercial inspector certificates
25 to each private commercial inspector demonstrating the qualifications set forth in subsection (a)
26 of this section. Standard private commercial inspector certificates are available for each of the
27 following types of qualified private commercial inspectors:

- 28 (1) Building inspector.
- 29 (2) Electrical inspector.
- 30 (3) Mechanical inspector.
- 31 (4) Plumbing inspector.
- 32 (5) Fire inspector.

33 (d) The holder of a standard private commercial inspector certificate may only conduct
34 private commercial inspections within the inspection area and level described upon the certificate
35 issued by the Board; however, for any area in which the private commercial inspector is not
36 certified, that private commercial inspector may contract with a private commercial inspector
37 who is certified in that area to conduct the necessary inspection. A private commercial inspector
38 may qualify and hold one or more private commercial inspector certificates. These private
39 commercial inspector certificates may be for different levels in different types of positions as
40 defined in this section and in rules adopted by the Board.

41 (e) A private commercial inspector holding a certificate indicating a specified level of
42 proficiency in a particular type of position may conduct a private commercial inspection calling
43 for that type of qualification anywhere in the State. With respect to all types of private
44 commercial inspectors, those with Level I, Level II, or Level III certificates shall be qualified to
45 inspect and approve only those types and sizes of commercial buildings and structures as
46 specified in rules adopted by the Board.

47 (f) Notwithstanding subsection (a) of this section, the Board shall, without requiring an
48 examination, issue a standard Level I or Level II private commercial inspector certificate to all
49 of the following but may only issue a standard Level III private commercial inspector certificate
50 to those of the following who pass the examination:

- 1 (1) Any person who is currently certified as a Code-enforcement official under
2 this Article.
3 (2) An architect licensed under Chapter 83A of the General Statutes.
4 (3) An engineer licensed under Chapter 89C of the General Statutes.
5 (g) Architects or engineers sitting for the Level III private commercial inspector
6 examination are exempt from any required prerequisite exam classes."

7 **SECTION 1.(e)** Article 9C of Chapter 143 of the General Statutes is amended by
8 adding a new section to read:

9 "**§ 143-151.14B. Professional development program for private commercial inspectors.**

10 (a) The Board may establish professional development requirements for private
11 commercial inspectors as a condition of the renewal or reactivation of their certificates. The
12 purposes of these professional development requirements are to assist private commercial
13 inspectors in maintaining professional competence in their inspections and to assure the health,
14 safety, and welfare of the citizens of North Carolina. A private commercial inspector subject to
15 this section shall present evidence to the Board at each certificate renewal after initial certification
16 that during the 12 months before the certificate expiration date, the private commercial inspector
17 has completed the required number of credit hours in courses approved by the Board. Annual
18 continuing education hour requirements shall be determined by the Board but shall not be more
19 than six credit hours. For licensed architects and engineers issued a standard private commercial
20 inspector certificate under G.S. 143-151.14A, the Board shall develop a continuing education
21 program providing that two of the required six hours of annual continuing education be in
22 subjects specific to each of those individual professions.

23 (b) The Board may require an individual who earns a certificate under programs
24 established in G.S. 143-151.14A to complete professional development courses, not to exceed
25 six hours in each technical area of certification, within one year after that individual is first
26 employed as a private commercial inspector or engages in private commercial inspection.

27 (c) As a condition of reactivating a standard certificate, the Board may require the
28 completion of professional development courses within one year after reemployment as a private
29 commercial inspector as follows:

30 (1) An individual who has been on inactive status for more than two years and
31 who has not been continuously employed by a city or county inspection
32 department, private commercial inspector, or engaged in the business of
33 private commercial inspections during the period of inactive status shall
34 complete professional development courses not to exceed six hours for each
35 technical area in which the individual is certified.

36 (2) An individual who has been on inactive status for more than two years and
37 who has been continuously employed by a city or county inspection
38 department, private commercial inspector, or engaged in the business of
39 private commercial inspections during the period of inactive status shall
40 complete professional development courses not to exceed three hours for each
41 technical area in which the individual is certified.

42 (3) An individual who has been on inactive status for two years or less shall
43 complete professional development courses not to exceed two hours for each
44 technical area in which the individual is certified.

45 (d) The Board may, for good cause shown, grant extensions of time to private commercial
46 inspectors to comply with these requirements. A private commercial inspector who, after
47 obtaining an extension under this subsection, offers evidence satisfactory to the Board that the
48 private commercial inspector has satisfactorily completed the required professional development
49 courses is in compliance with this section.

50 (e) The Board may adopt rules to implement this section, including rules that govern:

51 (1) The content and subject matter of professional development courses.

- (2) The criteria, standards, and procedures for the approval of courses, course sponsors, and course instructors.
- (3) The methods of instruction.
- (4) The computation of course credit.
- (5) The ability to carry forward course credit from one year to another.
- (6) The waiver of or variance from the professional development required for hardship or other reasons.
- (7) The procedures for compliance and sanctions for noncompliance."

SECTION 1.(f) G.S. 143-151.15 reads as rewritten:

"§ 143-151.15. Return of certificate to Board; reissuance by Board.

(a) A certificate issued by the Board under this Article is valid as long as the person certified is ~~employed by any of the following:~~

- (1) Employed by the State of North Carolina or any political subdivision thereof as a Code-enforcement official, or is employed official.
- (2) Employed by a federally recognized Indian Tribe to perform inspections on tribal lands as a Code-enforcement official.
- (3) Employed by a private commercial inspector.
- (4) Self-employed as a private commercial inspector.

(b) When the person certified leaves that employment described under subsection (a) of this section for any reason, ~~he that person~~ shall return the certificate to the Board. If the person subsequently obtains employment as a ~~Code enforcement official in any governmental jurisdiction described above,~~ described under subsection (a) of this section, the Board may reissue the certificate to ~~him that person.~~

(c) The provisions of G.S. 143-151.16(b) relating to renewal fees and late renewals shall apply, if appropriate. The provisions of G.S. 143-151.16(c) shall not apply. This section does not affect the Board's powers under G.S. 143-151.17."

SECTION 1.(g) G.S. 143-151.16 reads as rewritten:

"§ 143-151.16. Certification fees; renewal of certificates; examination fees.

(a) The Board shall establish a schedule of fees to be paid by each applicant for certification as a qualified Code-enforcement official. ~~Such fee official or as a private commercial inspector. The fees shall not exceed twenty dollars (\$20.00) for each applicant.~~ the following:

- (1) For certification as a qualified Code-enforcement official, twenty dollars (\$20.00).
- (2) For certification as a private commercial inspector, two hundred dollars (\$200.00).

(b) A certificate, other than a probationary certificate, as a qualified Code-enforcement official or as a private commercial inspector issued pursuant to the provisions of this Article must be renewed annually on or before the first day of July. Each application for renewal must be accompanied by a renewal fee to be determined by the Board, but not to exceed ~~ten dollars (\$10.00).~~ the amounts set out below. The Board is authorized to charge an extra four dollar (\$4.00) per day late renewal fee for renewals made after the first day of July each year. The maximum renewal application fees are:

- (1) For a qualified Code-enforcement official, ten dollars (\$10.00).
- (2) For a private commercial inspector, fifty dollars (\$50.00).

(c) Any person who fails to renew his or her certificate for a period of two consecutive years may be required by the Board to take and pass the same examination as unlicensed applicants before allowing such person to renew his or her certificate.

(d) The Board may contract with persons for the development and administration of the examinations required by ~~G.S. 143-151.13(a),~~ G.S. 143-151.13(a) and G.S. 143-151.14A for course development related to the examinations, for review of a particular applicant's examination, and for other related services. The person with whom the Board contracts may

1 charge applicants a reasonable fee for the costs associated with the development and
2 administration of the examinations, for course development related to the examinations, for
3 review of the applicant's examinations, and for other related services. The fee shall be agreed to
4 by the Board and the other contracting party. The amount of the fee under this subsection shall
5 not exceed one hundred seventy-five dollars (\$175.00). Contracts for the development and
6 administration of the examinations, for course development related to the examinations, and for
7 review of examinations shall not be subject to Article 3, 3C, or 8 of Chapter 143 of the General
8 Statutes or to Article 15 of Chapter 143B of the General Statutes. However, the Board shall: (i)
9 submit all proposed contracts for supplies, materials, printing, equipment, and contractual
10 services that exceed one million dollars (\$1,000,000) authorized by this subsection to the
11 Attorney General or the Attorney General's designee for review as provided in G.S. 114-8.3; and
12 (ii) include in all proposed contracts to be awarded by the Board under this subsection a standard
13 clause which provides that the State Auditor and internal auditors of the Board may audit the
14 records of the contractor during and after the term of the contract to verify accounts and data
15 affecting fees and performance. The Board shall not award a cost plus percentage of cost
16 agreement or contract for any purpose."

17 **SECTION 1.(h)** G.S. 143-151.17 reads as rewritten:

18 **"§ 143-151.17. Grounds for disciplinary actions; investigation; administrative procedures.**

19 ...

20 (a) A private commercial inspector shall not inspect any property under this Article in
21 which the inspector, or a person with whom the inspector has a close familial, business, or other
22 associational relationship, has an ownership or direct financial interest. For purposes of this
23 section, a "close familial relationship" means a spouse, parent, child, brother, sister, grandparent,
24 or grandchild. The term includes the step, half, and in-law relationships.

25 (b) The Board may investigate the actions of any qualified Code-enforcement ~~official~~
26 official, private commercial inspector, or any applicant therefor, upon the verified complaint in
27 writing of any person alleging a violation of subsection (a) of this section. The Board may
28 suspend, revoke, or demote to a lower level any certificate of any qualified Code-enforcement
29 official and refuse to grant a certificate to any applicant, whom it finds to have been guilty of one
30 or more of the actions set out in subsection (a) of this section as grounds for disciplinary action.

31 ...

32 (e) This section applies to Code-enforcement ~~officials~~officials, private commercial
33 inspectors, and applicants who are employed or seek to be employed by a federally recognized
34 Indian Tribe to perform inspections on tribal lands."

35 **SECTION 1.(i)** G.S. 143-151.18 reads as rewritten:

36 **"§ 143-151.18. Violations; penalty; injunction.**

37 On and after July 1, 1979, it shall be unlawful for any person to represent ~~himself~~themselves
38 as a qualified Code-enforcement official or private commercial inspector who does not hold a
39 currently valid certificate of qualification issued by the Board. Further, it shall be unlawful for
40 any person to practice Code enforcement or conduct private commercial inspections except as
41 allowed by any currently valid certificate issued to that person by the Board. Any person violating
42 any of the provisions of this Article shall be guilty of a Class 1 misdemeanor. The Board is
43 authorized to apply to any judge of the superior court for an injunction in order to prevent any
44 violation or threatened violation of the provisions of this Article."

45 **SECTION 1.(j)** G.S. 143-151.19 reads as rewritten:

46 **"§ 143-151.19. Administration.**

47 ...

48 (c) The Board shall keep current a record of the names and addresses of all qualified
49 Code-enforcement officials and private commercial inspectors and any additional personal data
50 as the Board deems necessary. The Board annually shall publish a list of all currently certified
51 Code-enforcement ~~officials~~officials and private commercial inspectors.

1 ...
2 (e) The Board shall issue a duplicate certificate to practice as a qualified
3 Code-enforcement official or private commercial inspector in place of one which has been lost,
4 destroyed, or mutilated upon proper application and payment of a fee to be determined by the
5 Board."

6 **SECTION 1.(k)** Article 9C of Chapter 143 of the General Statutes is amended by
7 adding a new section to read:

8 **"§ 143-151.19A. Registration of private commercial inspectors; inspection procedure plan;
9 qualified private commercial inspector designation.**

10 (a) No person shall engage in private commercial inspection unless that person is first
11 registered with the Board. To be registered, a person must submit an application for registration
12 on a form provided by the Board that includes:

13 (1) Proof of certification pursuant to this Article.

14 (2) An inspection procedure plan that includes all of the following:

15 a. A statement as to whether the person intends to conduct private
16 commercial inspections in all of the areas in which the person holds a
17 certificate issued under G.S. 143-151.14A.

18 b. For any areas in which the person is not certified under
19 G.S. 143-151.14A, a statement as to how that person intends to fulfill
20 contractual obligations to conduct private commercial inspections in
21 those areas for which the person is not certified.

22 c. A statement as to the person's experience level in each of the areas in
23 which that person holds a certificate issued under G.S. 143-151.14A.

24 (3) Where the registrant is a firm, corporation, or other legal entity, the individual
25 designated as the chief private commercial inspector.

26 (4) Any other information required by the Board.

27 (b) The Board shall review the inspection procedure plan required by subsection (a) of
28 this section and shall register and assign the person a registration number if it determines the plan
29 is adequate and the person otherwise meets the requirements of this Article. If the Board denies
30 an application for registration or the application is deficient, the Board shall notify the applicant
31 in writing with an explanation for the denial and give the applicant a reasonable opportunity to
32 correct any deficiencies and resubmit the application. If the Board denies the resubmitted
33 application, the applicant shall be notified in writing and may seek review as provided in
34 G.S. 143-151.17(d). Private commercial inspectors employed by a firm, corporation, or other
35 legal entity may register under this section without submitting an inspection procedure plan.

36 (c) The Board shall keep current a record of the names and addresses of all registered
37 private commercial inspectors and maintain this record on the Department of Insurance's website.
38 The Board may combine the records maintained and published under this subsection with those
39 required in G.S. 143-151.19. The Board may request updates from registered private commercial
40 inspectors registered under this section.

41 (d) A private commercial inspector may submit an amended registration or inspection
42 procedure plan to the Board at any time.

43 (e) The Board shall establish a schedule of fees to be paid by each applicant for
44 registration under this section. Such fee shall not exceed twenty dollars (\$20.00) for each
45 applicant."

46 **SECTION 2.(a)** G.S. 160D-402(d) reads as rewritten:

47 "(d) Financial Support. – The local government may appropriate for the support of the
48 staff any funds that it deems necessary. It shall have power to fix reasonable fees for support,
49 administration, and implementation of programs authorized by this Chapter, and all such fees
50 shall be used for no other purposes. When an inspection, for which the permit holder has paid a
51 fee to the local government, is performed by a private commercial inspector, or by a marketplace

1 pool Code-enforcement official upon request of the Insurance Commissioner under
2 G.S. 143-151.12(9)a., the local government shall promptly return to the permit holder the fee
3 collected by the local government for ~~such~~that inspection. This subsection applies to the
4 following types of inspection: plumbing, electrical systems, general building restrictions and
5 regulations, heating and air-conditioning, and the general construction of buildings."

6 **SECTION 2.(b)** G.S. 160D-403 reads as rewritten:

7 **"§ 160D-403. Administrative development approvals and determinations.**

8 ...

9 (e) Inspections. – Administrative staff may inspect work undertaken pursuant to a
10 development approval to assure that the work is being done in accordance with applicable State
11 and local laws and the terms of the approval. In exercising this power, staff may enter any
12 premises within the jurisdiction of the local government at all reasonable hours for the purposes
13 of inspection or other enforcement action, upon presentation of proper credentials, so long as the
14 appropriate consent has been given for inspection of areas not open to the public or an appropriate
15 inspection warrant has been secured. This subsection shall not apply to work for which a holder
16 has elected to utilize private commercial inspections for inspection of commercial buildings and
17 structures for compliance with the North Carolina State Building Code pursuant to Article 11 of
18 this Chapter.

19 ...

20 (g) Certificate of Occupancy. – A local government may, upon completion of work or
21 activity undertaken pursuant to a development approval, make final inspections and issue a
22 certificate of compliance or occupancy if staff finds that the completed work complies with all
23 applicable State and local laws and with the terms of the approval. Except as provided in
24 G.S. 160D-1105.2, a local government shall not conduct final inspections of work or activity on
25 commercial buildings or structures for projects under G.S. 160D-1105.1. No building, structure,
26 or use of land that is subject to a building permit required by Article 11 of this Chapter shall be
27 occupied or used until a certificate of occupancy or temporary certificate pursuant to
28 G.S. 160D-1116 has been issued.

29"

30 **SECTION 3.(a)** G.S. 160D-1101 reads as rewritten:

31 **"§ 160D-1101. Definitions.**

32 As used in this Article, the following terms shall have their ordinary meaning and shall also
33 be read to include the following:

34 ...

35 (3a) Private commercial inspection. – Shall have the same meaning as in
36 G.S. 143-151.8(a)(4a).

37 (3b) Private commercial inspector. – Shall have the same meaning as in
38 G.S. 143-151.8(a)(4b).

39"

40 **SECTION 3.(b)** G.S. 160D-1102 is amended by adding a new subsection to read:

41 "(c1) No local government shall adopt or enforce any ordinance prohibiting private
42 commercial inspections by private commercial inspectors nor shall the Commissioner of
43 Insurance prohibit private commercial inspections by private commercial inspectors when the
44 Department of Insurance has intervened pursuant to subsection (b) of this section."

45 **SECTION 3.(c)** Article 11 of Chapter 160D of the General Statutes is amended by
46 adding a new section to read:

47 **"§ 160D-1103.1. Qualifications of private commercial inspectors.**

48 No private commercial inspections shall be conducted except by private commercial
49 inspectors qualified under Article 9C of Chapter 143 of the General Statutes."

50 **SECTION 3.(d)** G.S. 160D-1104(b) reads as rewritten:

51 **"§ 160D-1104. Duties and responsibilities.**

1 ...
2 (b) The duties and responsibilities set forth in subsection (a) of this section include the
3 receipt of applications for permits and the issuance or denial of permits, the making of any
4 necessary inspections in a timely ~~manner,~~ manner except those inspections made by a private
5 commercial inspector, the issuance or denial of certificates of ~~compliance,~~ compliance other than
6 those certificates of compliance with the State Building Code issued or denied by a private
7 commercial inspector, the issuance of orders to correct violations, the bringing of judicial actions
8 against actual or threatened violations, the keeping of adequate records, and any other actions
9 that may be required in order adequately to enforce those laws. The governing board has the
10 authority to enact reasonable and appropriate provisions governing the enforcement of those
11 laws."

12 **SECTION 3.(e)** G.S. 160D-1105 reads as rewritten:

13 **"§ 160D-1105. Other arrangements for inspections.**

14 (a) A local government may contract with an individual who is not a local government
15 employee but who holds one of the applicable certificates as provided in G.S. 160D-1103 or with
16 the employer of an individual who holds one of the applicable certificates as provided in
17 G.S. 160D-1103.

18 (b) Notwithstanding any other provision of this Article, a local government may contract
19 with a private commercial inspector certified and registered under Article 9C of Chapter 143 of
20 the General Statutes to conduct inspections under this Article.

21 (c) A permit holder may contract with a private commercial inspector to conduct private
22 commercial inspections, as provided in G.S. 160D-1105.1, of commercial buildings and
23 structures for compliance with the State Building Code.

24 (d) A Code-enforcement official certified as a private commercial inspector under Article
25 9C of Chapter 143 of the General Statutes and employed by a local government may not be
26 prohibited, by employment contract or otherwise, from engaging in private commercial
27 inspection outside the local government's jurisdiction."

28 **SECTION 3.(f)** Article 11 of Chapter 160D of the General Statutes is amended by
29 adding a new section to read:

30 **"§ 160D-1105.1. Private commercial inspection authorized; exceptions.**

31 (a) Notwithstanding the requirements of this Article and except as provided in subsection
32 (d) of this section, a local government and the Commissioner of Insurance, when the Department
33 of Insurance has intervened pursuant to G.S. 160D-1102(b), shall accept and approve, without
34 further responsibility to inspect, a signed inspection report evidencing the inspection of a
35 commercial building or structure by a private commercial inspector provided all of the following
36 apply:

37 (1) The private commercial inspection is limited to inspection for compliance
38 with the State Building Code.

39 (2) The private commercial inspector submitting the signed inspection report is
40 the same as designated on the permit application or permit amendment under
41 G.S. 160D-1110(c1), and the report contains the registration number assigned
42 to that inspector under G.S. 143-151.19A(b).

43 (3) The private commercial inspector conducting the inspection, or any inspector
44 under contract with the private commercial inspector to conduct private
45 commercial inspections for the project, is qualified under the provisions of
46 Article 9C of Chapter 143 of the General Statutes to conduct that private
47 commercial inspection at the time of the inspection.

48 (4) The private commercial inspector conducting the inspection, if other than the
49 private commercial inspector submitting the inspection report in subdivision
50 (5) of this subsection, is employed by or under contract to the private
51 commercial inspector submitting the report.

1 (5) The private commercial inspector provides the local government or the
2 Commissioner of Insurance, as applicable, with a copy of each signed
3 inspection report. The signed inspection report shall be provided by electronic
4 or physical delivery, and its receipt shall be promptly acknowledged by the
5 local government or the Commissioner of Insurance, as applicable, through
6 reciprocal means.

7 (6) The permit holder has complied with the payment guarantee requirements of
8 G.S. 160D-1105.3.

9 (7) The permit holder and private commercial inspector execute a written contract
10 that shall include, at a minimum, all of the following:

11 a. A requirement that the private commercial inspector will be
12 responsible for all required inspections on the commercial building or
13 structure for compliance with the State Building Code.

14 b. The specific types of inspections to be conducted by the private
15 commercial inspector or certified employees of the private commercial
16 inspector.

17 c. The specific types of inspections, if any, to be conducted by those
18 under contract with the private commercial inspector.

19 d. The reinspection process, including inspector compensation, when an
20 inspection demonstrates noncompliance with the State Building Code.

21 e. The process, including private commercial inspector compensation, to
22 deliver additional inspections required due to unforeseen
23 circumstances, changes to orders, changes to the State Building Code,
24 or any other event or occurrence necessitating additional inspections.

25 f. The principal private commercial inspector for the project.

26 (b) Upon issuing an inspection report receipt as required under subdivision (a)(5) of this
27 section, the local government or Commissioner of Insurance, its inspection departments, and its
28 inspectors shall be discharged and released from any liabilities, duties, and responsibilities
29 imposed by this Article with respect to or in common law from any claim arising out of or
30 attributed to the inspection for which the inspection report was submitted pursuant to this section.

31 (c) The inspection report required by this section shall be on the form developed by the
32 North Carolina Code Officials Qualification Board in the Department of Insurance under
33 G.S. 160D-1105.5.

34 (d) The provisions of this section shall not apply to final fire inspections under
35 G.S. 160D-1105.2."

36 **SECTION 3.(g)** Article 11 of Chapter 160D of the General Statutes is amended by
37 adding a new section to read:

38 **"§ 160D-1105.2. Final fire inspections.**

39 Notwithstanding any other provision of this Article, private commercial inspectors shall have
40 no authority to conduct final fire inspections required by the State Building Code. The local
41 government that issued the building permit shall perform the duty and responsibility of
42 conducting the final fire inspection."

43 **SECTION 3.(h)** Article 11 of Chapter 160D of the General Statutes is amended by
44 adding a new section to read:

45 **"§ 160D-1105.3. Private commercial inspection payment guarantee.**

46 (a) Prior to issuing or amending a building permit in which the applicant indicates an
47 intent to use a private commercial inspector, the local government shall require the applicant to
48 provide a payment guarantee in the amount of one hundred twenty-five percent (125%) of the
49 local government's estimated cost to inspect the entire project itself. The purpose of the payment
50 guarantee is to provide a means of compensating the local government for the costs of any

1 inspections it must conduct under subsection (c) of this section and shall be in one of the
2 following forms:

- 3 (1) A payment bond or surety bond issued by one or more surety companies
4 legally authorized to do business in this State.
- 5 (2) A letter of credit issued by a financial institution licensed to do business in
6 this State.
- 7 (3) An insurance policy approved by the Commissioner of Insurance providing a
8 payment guarantee.

9 (b) The payment guarantee in subsection (a) of this section shall be executed in favor of
10 the local government and shall become effective upon the issuance of the building permit. A copy
11 of any insurance policy used to satisfy this section shall be provided to the Commissioner of
12 Insurance.

13 (c) If for any reason a private commercial inspector ceases inspecting or otherwise
14 abandons a project, the local government issuing the permit shall, at the written request of the
15 permit holder, be responsible for inspecting the project from the point in time of the last private
16 commercial inspection.

17 (d) Local governments required to begin inspecting commercial projects under
18 subsection (b) of this section may claim against the payment bond for the costs of inspecting the
19 project or may seek payment from the permit holder for whom the local government conducted
20 the inspections."

21 **SECTION 3.(i)** Article 11 of Chapter 160D of the General Statutes is amended by
22 adding a new section to read:

23 **"§ 160D-1105.5. Uniform forms for private commercial inspection.**

24 (a) The North Carolina Code Officials Qualification Board in the Department of
25 Insurance shall develop the following uniform forms used for private commercial inspections:

- 26 (1) Inspection reports required under G.S. 160D-1105.1(a) that are specific to the
27 type of inspection being conducted.
- 28 (2) Notice of intent to use a private commercial inspector that contains the
29 information required under G.S. 160D-1110(c1).
- 30 (3) Certificate of compliance with the State Building Code under
31 G.S. 160D-1116.

32 (b) No local government may require information on the forms developed under this
33 section other than that contained on the form."

34 **SECTION 3.(j)** G.S. 160D-1109 reads as rewritten:

35 **"§ 160D-1109. Failure to perform duties.**

36 ...

37 (c) A member of the inspection department shall not be in violation of this section when
38 the local government, its inspection department, or one of the inspectors issues an inspection
39 report receipt for or receives an inspection report evidencing compliance with the applicable
40 North Carolina State Building Code from a private commercial inspector in accordance with this
41 Article."

42 **SECTION 3.(k)** G.S. 160D-1110 reads as rewritten:

43 **"§ 160D-1110. Building permits.**

44 ...

45 (c1) Applicants for a building permit or permit amendment under this section who opt to
46 use a private commercial inspector to conduct all inspections to determine compliance with the
47 State Building Code shall attach as an addendum to their permit application or amendment a
48 notice of intent to use a private commercial inspector on the entire project. The notice of intent
49 must contain the private commercial inspector's contact information, including name, physical
50 and mailing address, email address, telephone number, and the registration number assigned to
51 that inspector under G.S. 143-151.19A(b). The local government permit fee schedule for projects

1 to be inspected by private commercial inspectors shall be reduced by eighty percent (80%), and
2 the remaining twenty percent (20%) may be retained by the local government as an administrative
3 cost. The notice of intent shall be on the form developed by the North Carolina Code Officials
4 Qualification Board in the Department of Insurance under G.S. 160D-1105.5.

5 (c2) Building permit holders utilizing the local inspection department for project
6 inspections may in lieu of its use on a given inspection, and upon three days' notice to the
7 inspection department, utilize a private commercial inspector to conduct the inspection due on
8 the project and to issue an inspection report as provided in G.S. 160D-1105.1. Each use of a
9 private commercial inspector under this subsection requires a separate notice to the inspection
10 department. The notice may be given on the form utilized under subsection (c1) of this section.
11 G.S. 160D-1105.1(b) applies to inspection reports issued under this subsection.

12 (c3) Except for the final fire inspection as provided in G.S. 160D-1105.2, a local
13 government issuing a building permit for projects to be inspected by private commercial
14 inspectors shall not conduct inspections on the project for compliance with the State Building
15 Code or otherwise interfere, directly or indirectly, with the private commercial inspection
16 process. The local government issuing the permit shall conduct the inspections on the project
17 necessary to determine compliance with any local law applicable to the construction of
18 commercial buildings or structures.

19"

20 SECTION 3.(l) G.S. 160D-1112 reads as rewritten:

21 "§ 160D-1112. Changes in ~~work~~work or permit.

22 After a building permit has been issued, no changes or deviations from the terms of the
23 application, plans and specifications, or the permit, except where changes or deviations are
24 clearly permissible under the State Building Code, shall be made until specific written approval
25 of proposed changes or deviations has been obtained from the inspection department. A building
26 permit shall be amended to designate the use of or changes in the designated private commercial
27 inspector."

28 SECTION 3.(m) G.S. 160D-1116 reads as rewritten:

29 "§ 160D-1116. Certificates of compliance; 60-day notice; temporary certificates of
30 occupancy.

31 (a) At the conclusion of all work done under a building permit, the appropriate ~~inspector~~
32 inspector, including a private commercial inspector, if applicable, shall make a final inspection,
33 and, if the completed work complies with all applicable State and local laws and with the terms
34 of the permit, the inspector shall issue a certificate of compliance. compliance provided that
35 private commercial inspectors may only issue certificates of compliance with the State Building
36 Code. Except as provided by subsection (b) of this section, no new building or part thereof may
37 be occupied, no addition or enlargement of an existing building may be occupied, and no existing
38 building that has been altered or moved may be occupied, until the inspection department or the
39 private commercial inspector, if applicable, has issued a certificate of compliance. Certificates
40 of compliance issued by private commercial inspectors shall be on the form developed by the
41 North Carolina Code Officials Qualification Board in the Department of Insurance under
42 G.S. 160D-1105.5.

43 (a1) No less than 60 days from the date a private commercial inspector anticipates issuing
44 a certificate of compliance pursuant to subsection (a) of this section, the private commercial
45 inspector shall notify the applicable local government in writing by electronic mail, first-class
46 mail, or physical delivery of the date the inspector anticipates issuing a certificate of compliance
47 with the State Building Code.

48 (a2) Private commercial inspectors issuing a certificate of compliance with the State
49 Building Code shall provide the local government with a copy of that certificate by electronic
50 mail, first-class mail, or physical delivery, and its receipt shall be promptly acknowledged by the
51 local government through reciprocal means.

1 (b) A temporary certificate of occupancy may be issued by the local government
2 permitting occupancy for a stated period of time of either the entire building or of specified
3 portions of the building if the local government inspector finds that the building may safely be
4 occupied prior to its final completion. A permit holder may request and be issued a temporary
5 certificate of occupancy if the conditions and requirements of the North Carolina State Building
6 Code are met. Only a local government may issue a certificate of occupancy or a temporary
7 certificate of occupancy.

8 (b1) A certificate of occupancy shall not be withheld on any project solely because a
9 certificate of compliance has been issued by a private commercial inspector under this Article.

10 (b2) Upon issuing a certificate of occupancy or temporary certificate of occupancy under
11 this section for any commercial project in which a private commercial inspector has issued a
12 certificate of compliance, the local government or Commissioner of Insurance may rely on the
13 private commercial inspector's certificate of compliance that the completed work is in
14 compliance with the State Building Code, and the local government or Commissioner of
15 Insurance, its inspection departments, and its inspectors shall be discharged and released from
16 any liabilities, duties, and responsibilities imposed by this Article with respect to or in common
17 law from any claim arising out of or attributed to the certificate of compliance.

18 (c) Any person who owns, leases, or controls a building and occupies or allows the
19 occupancy of the building or a part of the building before a certificate of compliance or temporary
20 certificate of occupancy has been issued pursuant to ~~subsection (a) or (b)~~ of this section is guilty
21 of a Class 1 misdemeanor."

22 **SECTION 4.** To implement the provisions of this act on the effective date of Sections
23 1, 2, and 3 of this act, the Department of Insurance shall begin rulemaking no later than 90 days
24 after this act becomes law, but no rules shall become effective prior to July 1, 2024.

25 **SECTION 5.** Sections 1, 2, and 3 of this act become effective July 1, 2024. The
26 remainder of this act is effective when it becomes law.