

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

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SENATE BILL 734  
Agriculture/Environment/Natural Resources Committee Substitute Adopted 5/20/14  
Finance Committee Substitute Adopted 5/21/14  
Fourth Edition Engrossed 5/29/14  
House Committee Substitute Favorable 6/24/14  
Sixth Edition Engrossed 6/25/14

Short Title: Regulatory Reform Act of 2014.

(Public)

Sponsors:

Referred to:

May 15, 2014

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FURTHER REGULATORY RELIEF TO THE CITIZENS OF NORTH CAROLINA BY PROVIDING FOR VARIOUS ADMINISTRATIVE REFORMS, BY ELIMINATING CERTAIN UNNECESSARY OR OUTDATED STATUTES AND REGULATIONS AND MODERNIZING OR SIMPLIFYING CUMBERSOME OR OUTDATED REGULATIONS, AND BY MAKING VARIOUS OTHER STATUTORY CHANGES.

The General Assembly of North Carolina enacts:

**PART I. ADMINISTRATIVE REFORMS**

**ELIMINATE, AS OBSOLETE, THE SMALL BUSINESS CONTRACTOR AUTHORITY, THE COMMITTEE ON DROPOUT PREVENTION, THE STATE EDUCATION COMMITTEE, THE STATE EDUCATION COMMISSION, THE NATIONAL HERITAGE AREA DESIGNATION COMMISSION, THE GOVERNOR'S MANAGEMENT COUNCIL, THE BOARD OF DIRECTORS OF THE NORTH CAROLINA CENTER FOR NURSING AND THE BOARD OF CORRECTIONS**

**SECTION 1.1.(a)** Part 20 of Article 10 of Chapter 143B of the General Statutes is repealed.

**SECTION 1.1.(b)** Section 7.32(e) of S.L. 2007-323, as rewritten by Section 7.14(a) of S.L. 2008-107 and Section 7.19(e) of S.L. 2010-31, reads as rewritten:

**"SECTION 7.32.(e)** Report. – The Committee shall report to the Joint Legislative Commission on Dropout Prevention and High School Graduation created in subsection (f) of this section by December 1, 2007, on the grants awarded under subsection (d) of this section. The Committee shall terminate August 1, 2014."

**SECTION 1.1.(c)** G.S. 116C-1 reads as rewritten:

**"§ 116C-1. Education Cabinet created.**

(a) The Education Cabinet is created. The Education Cabinet shall be located administratively within, and shall exercise its powers within existing resources of, the Office of the Governor. However, the Education Cabinet shall exercise its statutory powers independently of the Office of the Governor.



1 (b) The Education Cabinet shall consist of the Governor, who shall serve as chair, the  
2 President of The University of North Carolina, the State Superintendent of Public Instruction,  
3 the Chairman of the State Board of Education, the President of the North Carolina Community  
4 Colleges System, the Secretary of Health and Human Services, and the President of the North  
5 Carolina Independent Colleges and Universities. The Education Cabinet may invite other  
6 representatives of education to participate in its deliberations as adjunct members.

7 (c) The Education Cabinet shall be a nonvoting body that:

8 (1) Works to resolve issues between existing providers of education.

9 (2) ~~Sets the agenda for the State Education Commission.~~

10 (3) Develops a strategic design for a continuum of education programs, in  
11 accordance with G.S. 116C-3.

12 (4) Studies other issues referred to it by the Governor or the General Assembly.

13 (d) The Office of the Governor, in coordination with the staffs of The University of  
14 North Carolina, the North Carolina Community College System, and the Department of Public  
15 Instruction, shall provide staff to the Education Cabinet."

16 **SECTION 1.1.(d)** G.S. 116C-2 is repealed.

17 **SECTION 1.1.(e)** Article 26 of Chapter 143 of the General Statutes is repealed.

18 **SECTION 1.1.(f)** Section 18.10 of S.L. 2001-491 reads as rewritten:

19 "**SECTION 18.10.** Notwithstanding G.S. 158-8.1, the Western North Carolina Regional  
20 Economic Development Commission shall develop a regional heritage tourism plan and shall  
21 present the plan to the 2002 Regular Session of the 2001 General Assembly no later than May  
22 1, 2002. The National Heritage Area Designation Commission created pursuant to Section 18.4  
23 of this act shall terminate August 1, 2014."

24 **SECTION 1.1.(g)** Part 24 of Article 9 of Chapter 143B of the General Statutes is  
25 repealed.

26 **SECTION 1.1.(h)** G.S. 90-171.71 is repealed.

27 **SECTION 1.1.(i)** G.S. 143B-711 reads as rewritten:

28 "**§ 143B-711. Division of Adult Correction of the Department of Public Safety –**  
29 **organization.**

30 The Division of Adult Correction of the Department of Public Safety shall be organized  
31 initially to include the Post-Release Supervision and Parole Commission, ~~the Board of~~  
32 ~~Correction,~~the Section of Prisons of the Division of Adult Correction, the Section of  
33 Community Corrections, the Section of Alcoholism and Chemical Dependency Treatment  
34 Programs, and such other divisions as may be established under the provisions of the Executive  
35 Organization Act of 1973."

36 **SECTION 1.1.(j)** G.S. 143B-715 is repealed.

## 37 38 **CLARIFY PROCESS FOR READOPTION OF EXISTING RULES**

39 **SECTION 1.2.** G.S. 150B-21.3A(d) reads as rewritten:

40 "(d) Timetable. – The Commission shall establish a schedule for the review and  
41 readoption of existing rules in accordance with this section on a decennial basis as follows:

42 (1) With regard to the review process, the Commission shall assign by assigning  
43 each Title of the Administrative Code a date by which the review required  
44 by this section must be completed. In establishing the schedule, the  
45 Commission shall consider the scope and complexity of rules subject to this  
46 section and the resources required to conduct the review required by this  
47 section. The Commission shall have broad authority to modify the schedule  
48 and extend the time for review in appropriate circumstances. Except as  
49 provided in ~~subsection~~ ~~subsections~~ (e) and (f) of this section, if the agency  
50 fails to conduct the review by the date set by the Commission, the rules  
51 contained in that Title which have not been reviewed will expire. The

1 Commission shall report to the Committee any agency that fails to conduct  
 2 the review. The Commission may exempt rules that have been adopted or  
 3 amended within the previous 10 years from the review required by this  
 4 section. However, any rule exempted on this basis must be reviewed in  
 5 accordance with this section no more than 10 years following the last time  
 6 the rule was amended.

7 (2) With regard to the readoption of rules as required by sub-subdivision (c)(2)g.  
 8 of this section, once the final determination report becomes effective, the  
 9 Commission shall establish a date by which the agency must readopt the  
 10 rules. The Commission shall consult with the agency and shall consider the  
 11 agency's rule-making priorities in establishing the readoption date. The  
 12 agency may amend a rule as part of the readoption process. If a rule is  
 13 readopted without substantive change, the agency is not required to prepare a  
 14 fiscal note as provided by G.S. 150B-21.4."  
 15

## 16 **AUTHORIZE LICENSING BOARDS TO ADOPT RULES FOR PROFESSIONAL** 17 **CORPORATIONS**

18 **SECTION 1.3.** G.S. 55B-12 reads as rewritten:

19 **"§ 55B-12. Application of regulations of licensing boards.**

20 (a) A professional corporation shall be subject to the applicable rules and regulations  
 21 adopted by, and all the disciplinary powers of, the licensing board as herein defined. Nothing in  
 22 this Chapter shall impair the disciplinary powers of any licensing board applicable to a licensee  
 23 as herein defined. No professional corporation may do any act which its shareholders as  
 24 licensees are prohibited from doing.

25 (b) Subject to the requirements of Article 2A of Chapter 150B of the General Statutes,  
 26 any licensing board subject to this Chapter may adopt rules to implement the provisions of this  
 27 Chapter, including any rules needed to establish fees within the limits set by this Chapter."  
 28

## 29 **OCCUPATIONAL LICENSING BOARD REPORTING AMENDMENTS**

30 **SECTION 1.4.** G.S. 93B-2 reads as rewritten:

31 **"§ 93B-2. Annual reports required; contents; open to inspection; sanction for failure to**  
 32 **report.**

33 (a) No later than October 31 of each year, each occupational licensing board shall file  
 34 electronically with the Secretary of State, the Attorney General, and the Joint ~~Regulatory~~  
 35 Reform Legislative Administrative Procedure Oversight Committee an annual report containing  
 36 all of the following information:

37 (1) The address of the board, and the names of its members and officers.

38 (1a) The total number of licensees supervised by the board.

39 (2) The number of persons who applied to the board for examination.

40 (3) The number who were refused examination.

41 (4) The number who took the examination.

42 (5) The number to whom initial licenses were issued.

43 (5a) The number who failed the examination.

44 (6) The number who applied for license by reciprocity or comity.

45 (7) The number who were granted licenses by reciprocity or comity.

46 (7a) The number of official complaints received involving licensed and  
 47 unlicensed activities.

48 (7b) The number of disciplinary actions taken against licensees, or other actions  
 49 taken against nonlicensees, including injunctive relief.

50 (8) The number of licenses suspended or revoked.

- 1 (9) The number of licenses terminated for any reason other than failure to pay  
2 the required renewal fee.
- 3 (10) The substance of any anticipated request by the occupational licensing board  
4 to the General Assembly to amend statutes related to the occupational  
5 licensing board.
- 6 (11) The substance of any anticipated change in rules adopted by the  
7 occupational licensing board or the substance of any anticipated adoption of  
8 new rules by the occupational licensing board.

9 (b) No later than October 31 of each year, each occupational licensing board shall file  
10 electronically with the Secretary of State, the Attorney General, the Office of State Budget and  
11 Management, and the ~~Joint Regulatory Reform~~ Legislative Administrative Procedure Oversight  
12 Committee a financial report that includes the source and amount of all funds credited to the  
13 occupational licensing board and the purpose and amount of all funds disbursed by the  
14 occupational licensing board during the previous fiscal year.

15 (c) The reports required by this section shall be open to public inspection.

16 (d) The Joint Legislative Administrative Procedure Oversight Committee shall notify  
17 any board that fails to file the reports required by this section. Failure of a board to comply with  
18 the reporting requirements of this section by October 31 of each year shall result in a  
19 suspension of the board's authority to expend any funds until such time as the board files the  
20 required reports. Suspension of a board's authority to expend funds under this subsection shall  
21 not affect the board's duty to issue and renew licenses or the validity of any application or  
22 license for which fees have been tendered in accordance with law. Each board shall adopt rules  
23 establishing a procedure for implementing this subsection and shall maintain an escrow account  
24 into which any fees tendered during a board's period of suspension under this subsection shall  
25 be deposited."  
26

## 27 OAH ELECTRONIC FILING

28 **SECTION 1.5.(a)** Article 3 of Chapter 150B of the General Statutes is amended by  
29 adding a new section to read:

### 30 "**§ 150B-23.3. Electronic filing.**

31 In addition to any other method specified in G.S. 150B-23, documents filed and served in a  
32 contested case may be filed and served electronically by means of an Electronic Filing Service  
33 Provider. For purposes of this section, the following definitions apply:

- 34 (1) Electronic filing means the electronic transmission of the petition, notice of  
35 hearing, pleadings, or any other documents filed in a contested case with the  
36 Office of Administrative Hearings, as further defined by rules adopted by the  
37 Office of Administrative Hearings.
- 38 (2) Electronic Filing Service Provider (EFSP) means the service provided by the  
39 Office of Administrative Hearings for e-filing and e-service of documents  
40 via the Internet.
- 41 (3) Electronic service means the electronic transmission of the petition, notice of  
42 hearing, pleadings, or any other documents in a contested case, as further  
43 defined by rules adopted by the Office of Administrative Hearings."

44 **SECTION 1.5.(b)** This section is effective when it becomes law and applies to  
45 contested cases filed on or after that date.  
46

## 47 STREAMLINE RULE-MAKING PROCESS

48 **SECTION 1.6.(a)** G.S. 150B-19.1(h) is repealed.

49 **SECTION 1.6.(b)** G.S. 150B-21.4 reads as rewritten:

50 "**§ 150B-21.4. Fiscal ~~notes~~ and regulatory impact analysis on rules.**

1 (a) State Funds. – Before an agency ~~adopts~~ publishes in the North Carolina Register the  
2 proposed text of a permanent rule change that would require the expenditure or distribution of  
3 funds subject to the State Budget Act, Chapter 143C of the General Statutes it must submit the  
4 text of the proposed rule change, an analysis of the proposed rule change, and a fiscal note on  
5 the proposed rule change to the Office of State Budget and Management and obtain  
6 certification from the Office of State Budget and Management that the funds that would be  
7 required by the proposed rule change are available. ~~The agency shall submit the text of the~~  
8 ~~proposed rule change, an analysis of the proposed rule change, and a fiscal note on the~~  
9 ~~proposed rule change to the Office at the same time as the agency submits the notice of text for~~  
10 ~~publication pursuant to G.S. 150B-21.2.~~ The fiscal note must state the amount of funds that  
11 would be expended or distributed as a result of the proposed rule change and explain how the  
12 amount was computed. The Office of State Budget and Management must certify a proposed  
13 rule change if funds are available to cover the expenditure or distribution required by the  
14 proposed rule change.

15 (a1) DOT Analyses. – In addition to the requirements of subsection (a) of this section,  
16 any agency that adopts a rule affecting environmental permitting of Department of  
17 Transportation projects shall conduct an analysis to determine if the rule will result in an  
18 increased cost to the Department of Transportation. The analysis shall be conducted and  
19 submitted to the Board of Transportation when the agency submits the notice of text for  
20 publication. The agency shall consider any recommendations offered by the Board of  
21 Transportation prior to adopting the rule. Once a rule subject to this subsection is adopted, the  
22 Board of Transportation may submit any objection to the rule it may have to the Rules Review  
23 Commission. If the Rules Review Commission receives an objection to a rule from the Board  
24 of Transportation no later than 5:00 P.M. of the day following the day the Commission  
25 approves the rule, then the rule shall only become effective as provided in G.S. 150B-21.3(b1).

26 (b) Local Funds. – Before an agency ~~adopts~~ publishes in the North Carolina Register  
27 the proposed text of a permanent rule change that would affect the expenditures or revenues of  
28 a unit of local government, it must submit the text of the proposed rule change and a fiscal note  
29 on the proposed rule change to the Office of State Budget and Management as provided by  
30 G.S. 150B-21.26, the Fiscal Research Division of the General Assembly, the North Carolina  
31 Association of County Commissioners, and the North Carolina League of Municipalities. The  
32 fiscal note must state the amount by which the proposed rule change would increase or  
33 decrease expenditures or revenues of a unit of local government and must explain how the  
34 amount was computed.

35 (b1) Substantial Economic Impact. – Before an agency ~~adopts~~ publishes in the North  
36 Carolina Register the proposed text of a permanent rule change that would have a substantial  
37 economic impact and that is not identical to a federal regulation that the agency is required to  
38 adopt, the agency shall prepare a fiscal note for the proposed rule change and have the note  
39 approved by the Office of State Budget and Management. The agency must also obtain from  
40 the Office a certification that the agency adhered to the regulatory principles set forth in  
41 G.S. 150B-19.1(a)(2), (5), and (6). The agency may request the Office of State Budget and  
42 Management to prepare the fiscal note only after, working with the Office, it has exhausted all  
43 resources, internal and external, to otherwise prepare the required fiscal note. If an agency  
44 requests the Office of State Budget and Management to prepare a fiscal note for a proposed rule  
45 change, that Office must prepare the note within 90 days after receiving a written request for  
46 the note. If the Office of State Budget and Management fails to prepare a fiscal note within this  
47 time period, the agency proposing the rule change shall prepare a fiscal note. A fiscal note  
48 prepared in this circumstance does not require approval of the Office of State Budget and  
49 Management.

50 If an agency prepares the required fiscal note, the agency must submit the note to the Office  
51 of State Budget and Management for review. The Office of State Budget and Management

1 shall review the fiscal note within 14 days after it is submitted and either approve the note or  
2 inform the agency in writing of the reasons why it does not approve the fiscal note. After  
3 addressing these reasons, the agency may submit the revised fiscal note to that Office for its  
4 review. If an agency is not sure whether a proposed rule change would have a substantial  
5 economic impact, the agency shall ask the Office of State Budget and Management to  
6 determine whether the proposed rule change has a substantial economic impact. Failure to  
7 prepare or obtain approval of the fiscal note as required by this subsection shall be a basis for  
8 objection to the rule under G.S. 150B-21.9(a)(4).

9 As used in this subsection, the term "substantial economic impact" means an aggregate  
10 financial impact on all persons affected of at least one million dollars (\$1,000,000) in a  
11 12-month period. In analyzing substantial economic impact, an agency shall do the following:

- 12 (1) Determine and identify the appropriate time frame of the analysis.
- 13 (2) Assess the baseline conditions against which the proposed rule is to be  
14 measured.
- 15 (3) Describe the persons who would be subject to the proposed rule and the type  
16 of expenditures these persons would be required to make.
- 17 (4) Estimate any additional costs that would be created by implementation of the  
18 proposed rule by measuring the incremental difference between the baseline  
19 and the future condition expected after implementation of the rule. The  
20 analysis should include direct costs as well as opportunity costs. Cost  
21 estimates must be monetized to the greatest extent possible. Where costs are  
22 not monetized, they must be listed and described.
- 23 (5) For costs that occur in the future, the agency shall determine the net present  
24 value of the costs by using a discount factor of seven percent (7%).

25 (b2) Content. – A fiscal note required by subsection (b1) of this section must contain the  
26 following:

- 27 (1) A description of the persons who would be affected by the proposed rule  
28 change.
- 29 (2) A description of the types of expenditures that persons affected by the  
30 proposed rule change would have to make to comply with the rule and an  
31 estimate of these expenditures.
- 32 (3) A description of the purpose and benefits of the proposed rule change.
- 33 (4) An explanation of how the estimate of expenditures was computed.
- 34 (5) A description of at least two alternatives to the proposed rule that were  
35 considered by the agency and the reason the alternatives were rejected. The  
36 alternatives may have been identified by the agency or by members of the  
37 public.

38 (c) Errors. – An erroneous fiscal note prepared in good faith does not affect the validity  
39 of a rule.

40 (d) If an agency proposes the repeal of an existing rule, the agency is not required to  
41 prepare a fiscal note on the proposed rule change as provided by this section."

42 **SECTION 1.6.(c)** This section is effective when it becomes law and applies to  
43 proposed rules published on or after that date.

## 44 **PART II. BUSINESS REGULATION**

### 45 **PROHIBIT CERTAIN HEADLIGHTS**

46 **SECTION 2.1.(a)** G.S. 20-131 reads as rewritten:

47 **"§ 20-131. Requirements as to headlamps and auxiliary driving lamps.**

48 (a) The headlamps of motor vehicles shall be so constructed, arranged, and adjusted  
49 that, except as provided in subsection (c) of this section, they will at all times mentioned in  
50  
51

1 G.S. 20-129, and under normal atmospheric conditions and on a level road, produce a driving  
2 light sufficient to render clearly discernible a person 200 feet ahead, but any person operating a  
3 motor vehicle upon the highways, when meeting another vehicle, shall so control the lights of  
4 the vehicle operated by him by shifting, depressing, deflecting, tilting, or dimming the  
5 headlight beams in such manner as shall not project a glaring or dazzling light to persons within  
6 a distance of 500 feet in front of such headlamp. Every new motor vehicle, other than a  
7 motorcycle or motor-driven cycle, registered in this State after January 1, 1956, which has  
8 multiple-beam road-lighting equipment shall be equipped with a beam indicator, which shall be  
9 lighted whenever the uppermost distribution of light from the headlamps is in use, and shall not  
10 otherwise be lighted. Said indicator shall be so designed and located that when lighted it will be  
11 readily visible without glare to the driver of the vehicle so equipped.

12 (b) Headlamps shall be deemed to comply with the foregoing provisions prohibiting  
13 glaring and dazzling lights if none of the main bright portion of the headlamp beams rises  
14 above a horizontal plane passing through the lamp centers parallel to the level road upon which  
15 the loaded vehicle stands, and in no case higher than 42 inches, 75 feet ahead of the vehicle.

16 (b1) No person shall operate a motor vehicle that is equipped with any headlamps that (i)  
17 change the original design or performance of the headlamps and (ii) do not comply with  
18 Federal Motor Vehicle Safety Standard No. 108, as adopted by the National Highway Traffic  
19 Safety Administration. Any person who violates this subsection is guilty of an infraction  
20 punishable by a penalty of not more than one hundred dollars (\$100.00).

21 (c) Whenever a motor vehicle is being operated upon a highway, or portion thereof,  
22 which is sufficiently lighted to reveal a person on the highway at a distance of 200 feet ahead of  
23 the vehicle, it shall be permissible to dim the headlamps or to tilt the beams downward or to  
24 substitute therefor the light from an auxiliary driving lamp or pair of such lamps, subject to the  
25 restrictions as to tilted beams and auxiliary driving lamps set forth in this section.

26 (d) Whenever a motor vehicle meets another vehicle on any highway it shall be  
27 permissible to tilt the beams of the headlamps downward or to substitute therefor the light from  
28 an auxiliary driving lamp or pair of such lamps subject to the requirement that the tilted  
29 headlamps or auxiliary lamp or lamps shall give sufficient illumination under normal  
30 atmospheric conditions and on a level road to render clearly discernible a person 75 feet ahead,  
31 but shall not project a glaring or dazzling light to persons in front of the vehicle: Provided, that  
32 at all times required in G.S. 20-129 at least two lights shall be displayed on the front of and on  
33 opposite sides of every motor vehicle other than a motorcycle, road roller, road machinery, or  
34 farm tractor.

35 (e) No city or town shall enact an ordinance in conflict with this section."

36 **SECTION 2.1.(b)** This section becomes effective December 1, 2014, and applies  
37 to offenses committed on or after that date.

### 38 **BAIL BOND SHIELD AMENDMENT**

39 **SECTION 2.3.(a)** G.S. 58-71-40(d1) reads as rewritten:

40 "(d1) While engaged in official duties, a licensee is authorized to carry, possess, and  
41 display a shield as described in this subsection. The shield shall fulfill all of the following  
42 requirements:  
43 requirements:

- 44 (1) Be an exact duplicate in size, shape, color, and design of the shield approved  
45 under G.S. 74C-5(12) and pictured in 12 NCAC 07D. 0405 on ~~May 1,~~  
46 ~~2013-May 1,~~ 2013, except that the design may be altered by stamping,  
47 inlaying, embossing, enameling, or engraving to accommodate the license  
48 number. With respect to size of the shield, the shield shall be 1.88 inches  
49 wide and 2.36 inches high.
- 50 (2) Include the licensee's last name and corresponding license number in the  
51 same locations as the shield referenced in subdivision (1) of this subsection.

- 1 (3) With reference to the shield described in subdivision (1) of this subsection,  
 2 in lieu of the word "Private," the shield shall have the words "North  
 3 Carolina," and in lieu of the word "Investigator," the shield shall have the  
 4 words "Bail Agent."

5 Any shield that deviates from the design requirements as specified in this section shall be an  
 6 unauthorized shield and its possession by a licensee shall constitute a violation of the statute by  
 7 the licensee."

8 **SECTION 2.3.(b)** G.S. 15A-540 is amended by adding a new subsection to read:

9 "(d) A surety may utilize the services and assistance of any surety bondsman,  
 10 professional bondsman, or runner licensed under G.S. 58-71-40 to affect the arrest or surrender  
 11 of a defendant under subsection (a) or (b) of this section."

### 12 **REPEAL OUTDATED PUBLIC UTILITIES STATUTES OR REPORTS**

13 **SECTION 2.4.(a)** G.S. 62-36A and G.S. 62-36.1 are repealed.

14 **SECTION 2.4.(b)** G.S. 62-158(d) reads as rewritten:

15 (d) The Commission, after hearing, may adopt rules to implement this section,  
 16 including rules for the establishment of expansion funds, for the use of such funds, for the  
 17 remittance to the expansion fund or to customers of supplier and transporter refunds and  
 18 expansion surcharges or other funds that were sources of the expansion fund, and for  
 19 appropriate accounting, reporting and ratemaking treatment. ~~The Commission and Public Staff~~  
 20 ~~shall report to the Joint Legislative Commission on Governmental Operations on the operation~~  
 21 ~~of any expansion funds in conjunction with the reports required under G.S. 62-36A."~~

22 **SECTION 2.4.(c)** G.S. 62-159(d) reads as rewritten:

23 (d) The Commission, after hearing, shall adopt rules to implement this section as soon  
 24 as practicable. ~~The Commission and Public Staff shall report to the Joint Legislative~~  
 25 ~~Commission on Governmental Operations on the use of funding provided under this section in~~  
 26 ~~conjunction with the reports required under G.S. 62-36A."~~

27 **SECTION 2.4.(d)** G.S. 62-133.2(g) is repealed.

28 **SECTION 2.4.(e)** Section 14 of S.L. 2002-4 is repealed.

29 **SECTION 2.4.(f)** Section 14 of S.L. 2007-397 is repealed.

30 **SECTION 2.4.(g)** Section 6.1 of S.L. 1995-27 is repealed.

### 31 **MERCHANT EXEMPTION FROM LOCKSMITH LICENSING**

32 **SECTION 2.5.** G.S. 74F-16 reads as rewritten:

#### 33 **"§ 74F-16. Exemptions.**

34 The provisions of this Chapter do not apply to:

35 ...

- 36 (6) A merchant, or retail or hardware store, when the merchant or store does not  
 37 purport to be a locksmith and lawfully (i) rekeys a lock at the time of sale of  
 38 the lock, (ii) duplicates a key, ~~except for including~~ duplicating a transponder  
 39 type key that requires programming, or (iii) installs as a service a lock on a  
 40 door if both the door and lock were purchased from the same merchant.

41 ...."

### 42 **CLARIFY PROFESSIONAL ENGINEER EXEMPTION**

43 **SECTION 2.6.(a)** G.S. 89C-25 reads as rewritten:

#### 44 **"§ 89C-25. Limitations on application of Chapter.**

45 This Chapter shall not be construed to prevent or affect: prevent the following activities:

- 46 (1) The practice of ~~architecture, architecture as defined in Chapter 83A of the~~  
 47 General Statutes, landscape architecture, landscape architecture as defined in  
 48 Chapter 89A of the General Statutes, or contracting or any other legally  
 49  
 50  
 51



- 1                    ~~recognized profession or trade contracting as defined in Articles 1, 2, 4, and~~  
2                    ~~5 of Chapter 87 of the General Statutes.~~
- 3                    (2)    Repealed by Session Laws 2011-304, s. 7, effective June 26, 2011.
- 4                    (3)    Repealed by Session Laws 2011-304, s. 7, effective June 26, 2011.
- 5                    (4)    Engaging in engineering or land surveying as an employee or assistant under  
6                    the responsible charge of a professional engineer or professional land  
7                    ~~surveyor or as an employee or assistant of a nonresident professional~~  
8                    ~~engineer or a nonresident professional land surveyor provided for in~~  
9                    ~~subdivisions (2) and (3) of this section, provided that the work as an~~  
10                    ~~employee may not include responsible charge of design or~~  
11                    ~~supervision.~~  
12                    (5)    The practice of professional engineering or land surveying by any person not  
13                    a resident of, and having no established place of business in this State, as a  
14                    consulting associate of a professional engineer or professional land surveyor  
15                    licensed under the provisions of this Chapter; provided, the nonresident is  
16                    qualified for performing the professional service in the person's own state or  
17                    country.
- 18                    (6)    Practice by members of the Armed Forces of the United States; employees  
19                    of the government of the United States while engaged in the practice of  
20                    engineering or land surveying solely for the government on  
21                    government-owned works and projects; or practice by those employees of  
22                    the Natural Resources Conservation Service, county employees, or  
23                    employees of the Soil and Water Conservation Districts who have federal  
24                    engineering job approval authority that involves the planning, designing, or  
25                    implementation of best management practices on agricultural lands.
- 26                    (7)    ~~The internal engineering or surveying activities of a person, firm or~~  
27                    ~~corporation engaged in manufacturing, processing, or producing a product,~~  
28                    ~~including the activities of public service corporations, public utility~~  
29                    ~~companies, authorities, State agencies, railroads, or membership~~  
30                    ~~cooperatives, or the installation and servicing of their product in the field; or~~  
31                    ~~research and development in connection with the manufacture of that~~  
32                    ~~product or their service; or of their research affiliates; or their employees in~~  
33                    ~~the course of their employment in connection with the manufacture,~~  
34                    ~~installation, or servicing of their product or service in the field, or~~  
35                    ~~on the premises maintenance of machinery, equipment, or apparatus~~  
36                    ~~incidental to the manufacture or installation of the product or service of a~~  
37                    ~~firm by the employees of the firm upon property owned, leased or used by~~  
38                    ~~the firm; inspection, maintenance and service work done by employees of~~  
39                    ~~the State of North Carolina, any political subdivision of the State, or any~~  
40                    ~~municipality including construction, installation, servicing, maintenance by~~  
41                    ~~regular full time employees of streets, street lighting, traffic control signals,~~  
42                    ~~police and fire alarm systems, waterworks, steam, electric and sewage~~  
43                    ~~treatment and disposal plants; the services of superintendents, inspectors or~~  
44                    ~~foremen regularly employed by the State of North Carolina or any political~~  
45                    ~~subdivision of the State or a municipal corporation; provided, however, that~~  
46                    ~~the internal engineering or surveying activity is not a holding out to or an~~  
47                    ~~offer to the public of engineering or any service thereof as prohibited by this~~  
48                    ~~Chapter. Engineering work, not related to the foregoing exemptions, where~~  
49                    ~~the safety of the public is directly involved shall be under the responsible~~  
50                    ~~charge of a licensed professional engineer, or in accordance with standards~~  
51                    ~~prepared or approved by a licensed professional engineer.~~

1           (7a) The engineering or surveying activities of a person as defined by  
2 G.S. 89C-3(5) who is engaged in manufacturing, processing, producing, or  
3 transmitting and delivering a product, and which activities are reasonably  
4 necessary and connected with the primary services performed by individuals  
5 regularly employed in the ordinary course of business by the person,  
6 provided that the engineering or surveying activity is not a holding out or an  
7 offer to the public of engineering or surveying services, as prohibited by this  
8 Chapter. The engineering and surveying services may not be offered,  
9 performed, or rendered independently from the primary services rendered by  
10 the person. For purposes of this subdivision, "activities reasonably necessary  
11 and connected with the primary service" include the following:

- 12           a. Installation or servicing of the person's product by employees of the  
13 person conducted outside the premises of the person's business.  
14           b. Design, acquisition, installation, or maintenance of machinery,  
15 equipment, or apparatus incidental to the manufacture or installation  
16 of the product performed by employees of the person upon property  
17 owned, leased, or used by the person.  
18           c. Research and development performed in connection with the  
19 manufacturing, processing, or production of the person's product by  
20 employees of the person.

21 Engineering or surveying activities performed pursuant to this subdivision,  
22 where the safety of the public is directly involved, shall be under the  
23 responsible charge of a licensed professional engineer or licensed  
24 professional surveyor.

25           (8) The (i) preparation of fire sprinkler planning and design drawings by a fire  
26 sprinkler contractor licensed under Article 2 of Chapter 87 of the General  
27 Statutes, or (ii) the performance of internal engineering or survey work by a  
28 manufacturing or communications common carrier company, or by a  
29 research and development company, or by employees of those corporations  
30 provided that the work is in connection with, or incidental to products of, or  
31 nonengineering services rendered by those corporations or their affiliates.

32           (9) The routine maintenance or servicing of machinery, equipment, facilities or  
33 structures, the work of mechanics in the performance of their established  
34 functions, or the inspection or supervision of construction by a foreman,  
35 superintendent, or agent of the architect or professional engineer, or services  
36 of an operational nature performed by an employee of a laboratory, a  
37 manufacturing plant, a public service corporation, or governmental  
38 operation.

39           (10) The design of land application irrigation systems for an animal waste  
40 management plan, required by G.S. 143-215.10C, by a designer who  
41 exhibits, by at least three years of relevant experience, proficiency in soil  
42 science and basic hydraulics, and who is thereby listed as an Irrigation  
43 Design Technical Specialist by the North Carolina Soil and Water  
44 Conservation Commission."

45           **SECTION 2.6.(b)** G.S. 89C-19 reads as rewritten:

46 **"§ 89C-19. Public works; requirements where public safety involved.**

47           This State and its political subdivisions such as counties, cities, towns, or other political  
48 entities or legally constituted boards, commissions, public utility companies, or authorities, or  
49 officials, or employees of these entities shall not engage in the practice of engineering or land  
50 surveying involving either public or private property where the safety of the public is directly  
51 involved without the project being under the direct supervision of a professional engineer for

1 ~~the preparations of plans and specifications for engineering projects, or a professional land~~  
2 ~~surveyor for land surveying projects, as provided for the practice of the respective professions~~  
3 ~~by this Chapter.~~

4 An official or employee of the State or any political subdivision specified in this section,  
5 holding the positions set out in this section as of June 19, 1975, shall be exempt from the  
6 provisions of this section so long as such official or employee is engaged in substantially the  
7 same type of work as is involved in the present position.

8 Nothing in this section shall be construed to prohibit inspection, maintenance and service  
9 work done by employees of the State of North Carolina, any political subdivision of the State,  
10 or any municipality including construction, installation, servicing, and maintenance by regular  
11 full-time employees of, secondary roads and drawings incidental to work on secondary roads,  
12 streets, street lighting, traffic-control signals, police and fire alarm systems, waterworks, steam,  
13 electric and sewage treatment and disposal plants, the services of superintendents, inspectors or  
14 foremen regularly employed by the State of North Carolina or any political subdivision of the  
15 State, or municipal corporation.

16 The provisions in this section shall not be construed to alter or modify the requirements of  
17 Article 1 of Chapter 133 of the General Statutes."  
18

## 19 **STUDY SERVICE OF PROCESS IN SUMMARY EJECTMENT**

20 **SECTION 2.7.** The Legislative Research Commission shall study whether and to  
21 what extent service of process should be accomplished by an entity other than the local sheriff  
22 in summary ejectment proceedings. The Commission shall report its findings and  
23 recommendations, including any proposed legislative changes, to the 2015 General Assembly  
24 on or before January 20, 2015.  
25

## 26 **CLARIFY EFFECTIVE DATE OF DEFINITION OF DISCHARGE OF WASTE**

27 **SECTION 2.8.(a)** Section 17 of S.L. 2012-187 reads as rewritten:

28 "**SECTION 17.** Section 11 of this act is effective when it becomes law and applies to  
29 contested cases filed or pending on or after that date. Except as otherwise provided, this act is  
30 effective when it becomes law."  
31

32 **SECTION 2.8.(b)** This section becomes effective July 16, 2012.

## 33 **STUDY MEMBERSHIP UNDER INSURANCE GUARANTY ASSOCIATION ACT**

34 **SECTION 2.9.(a)** The Department of Insurance, in consultation with the  
35 Department of Labor and the Department of Commerce, shall study issues related to whether  
36 claims incurred by a workers' compensation group self-insurer that merged with a North  
37 Carolina Insurance Guaranty Association member insurer on or after January 1, 1997, should  
38 be covered claims by the Association. The study shall also consider when a group self-insurer's  
39 membership in the Association terminates in the event of merger with a mutual or stock  
40 insurance company. The Department of Insurance shall report, with recommendations, to the  
41 2015 General Assembly on or before January 20, 2015.  
42

## 43 **SPECIALTY MARKETS**

44 **SECTION 2.10.** G.S. 66-255 reads as rewritten:

45 "**§ 66-255. Specialty market or operator of an event registration list.**

46 A specialty market operator or operator of an event where space is provided to a vendor  
47 must maintain a daily registration list of all specialty market or other vendors selling or offering  
48 goods for sale at the specialty market or other event. The registration list must clearly and  
49 legibly show each vendor's name, permanent address, and certificate of registration number.  
50 The specialty market operator or other event operator must require each vendor to exhibit a  
51 valid certificate of registration for visual inspection by the specialty market operator or other

1 event operator at the time of registration, and must require each vendor to keep the certificate  
2 of registration conspicuously and prominently displayed, so as to be visible for inspection by  
3 patrons of the vendor at the places or locations at which the goods are offered for sale. Each  
4 daily registration list maintained pursuant to this section must be retained by the specialty  
5 market operator or other event operator for no less than two years and must at any time be  
6 made available upon request to any law enforcement officer or the Secretary of Revenue or the  
7 Secretary's duly authorized agent. For purposes of the registration list, the exemptions in  
8 ~~G.S. 66-256~~ G.S. 66-256, other than those applicable to farmers markets and tailgate markets,  
9 do not apply."

## 10 11 **ADA REQUIREMENTS FOR PRIVATE POOLS**

12 **SECTION 2.11.(a)** Notwithstanding Section 1109.14 of the 2012 NC State  
13 Building Code (Building Code), swimming pools shall be required to be accessible only to the  
14 extent required by the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq., and federal  
15 rules and regulations adopted pursuant to that Act.

16 **SECTION 2.11.(b)** The Building Code Council shall adopt a rule to amend Section  
17 1109.14 of the 2012 NC State Building Code (Building Code) consistent with Section 2.11(a)  
18 of this act.

19 **SECTION 2.11.(c)** Section 2.11(a) of this act expires on the date that the rule  
20 adopted pursuant to Section 2.11(b) of this act becomes effective.

## 21 22 **JUMP-START OUR BUSINESS START-UPS ACT**

23 **SECTION 2.13.(a)** G.S. 78A-17 is amended by adding a new subdivision to read:

24 "(20) Any offer or sale of a security by an issuer if the offer or sale is conducted in  
25 accordance with G.S. 78A-17.1."

26 **SECTION 2.13.(b)** Article 3 of Chapter 78A of the General Statutes is amended by  
27 adding a new section to read:

### 28 **"§ 78A-17.1. Invest NC exemption.**

29 (a) Exemption. – Except as otherwise provided in this Chapter, an offer or sale of a  
30 security by an issuer is exempt from G.S. 78A-24 and G.S. 78A-49(d) if the offer or sale is  
31 conducted in accordance with each of the following requirements:

32 (1) The issuer of the security is a business entity formed under the laws of the  
33 State and registered with the Secretary of State.

34 (2) The transaction meets the requirements of the federal exemption for  
35 intrastate offerings in section 3(a)(11) of the Securities Act of 1933, 15  
36 U.S.C. § 77c(a)(11), and SEC rule 147, 17 C.F.R. § 230.147.

37 (3) The sum of all cash and other consideration to be received for all sales of the  
38 security in reliance upon this exemption does not exceed the cap provided in  
39 this subdivision.

40 a. One million dollars (\$1,000,000), less the aggregate amount received  
41 for all sales of securities by the issuer within the 12 months before  
42 the first offer or sale made in reliance upon this exemption, if the  
43 issuer has not undergone and made available to each prospective  
44 investor and the Administrator the documentation resulting from a  
45 financial audit with respect to its most recently completed fiscal year  
46 and meeting generally accepted accounting principles.

47 b. Two million dollars (\$2,000,000), less the aggregate amount received  
48 for all sales of securities by the issuer within the 12 months before  
49 the first offer or sale made in reliance upon this exemption, if the  
50 issuer has undergone and made available to each prospective investor  
51 and the Administrator the documentation resulting from a financial

- 1                   audit with respect to its most recently completed fiscal year and  
2                   meeting generally accepted accounting principles.
- 3           (4)   The issuer has not accepted more than two thousand dollars (\$2,000) from  
4           any single purchaser unless the purchaser is an accredited investor as defined  
5           by rule 501 of SEC regulation D, 17 C.F.R. § 230.501.
- 6           (5)   Not less than 10 days prior to the commencement of an offering of securities  
7           in reliance on this exemption or the use of any publicly available Web site in  
8           connection with any such offering, the issuer shall file a notice with the  
9           Administrator, in writing or in electronic form as specified by the  
10           Administrator, containing the following:
- 11           a.     A notice of claim of exemption from registration, specifying that the  
12           issuer will be conducting an offering in reliance upon this exemption,  
13           accompanied by the filing fee as specified in this section.
- 14           b.     A copy of the disclosure statement to be provided to prospective  
15           investors in connection with the offering, containing the following:
- 16                   1.     A description of the company, its type of entity, the address  
17                   and telephone number of its principal office, its history, its  
18                   business plan, and the intended use of the offering proceeds,  
19                   including any amounts to be paid, as compensation or  
20                   otherwise, to any owner, executive officer, director,  
21                   managing member, or other person occupying a similar status  
22                   or performing similar functions on behalf of the issuer.
- 23                   2.     The identity of all persons owning more than ten percent  
24                   (10%) of the ownership interests of any class of securities of  
25                   the company.
- 26                   3.     The identity of the executive officers, directors, managing  
27                   members, and other persons occupying a similar status or  
28                   performing similar functions in the name of and on behalf of  
29                   the issuer, including their titles and their prior experience.
- 30                   4.     The terms and conditions of the securities being offered and  
31                   of any outstanding securities of the company, the minimum  
32                   and maximum amount of securities being offered, if any, and  
33                   either the percentage ownership of the company represented  
34                   by the offered securities or the valuation of the company  
35                   implied by the price of the offered securities.
- 36                   5.     The identity of any person who has been or will be retained  
37                   by the issuer to assist the issuer in conducting the offering  
38                   and sale of the securities, including any Web sites, but  
39                   excluding persons acting solely as accountants or attorneys  
40                   and employees whose primary job responsibilities involve the  
41                   operating business of the issuer rather than assisting the issuer  
42                   in raising capital, and for each person identified in response  
43                   to this paragraph, a description of the consideration being  
44                   paid to such person for such assistance.
- 45                   6.     A description of any litigation or legal proceedings involving  
46                   the company or its management.
- 47                   7.     The names and addresses, including URL, of any Web sites  
48                   that will be used in connection with the offering.
- 49           c.     An escrow agreement with a bank or other depository institution  
50           located within this State in which the investor funds will be  
51           deposited, providing that all offering proceeds will be released to the

1 issuer only when the aggregate capital raised from all investors is  
2 equal to or greater than the minimum target offering amount  
3 specified in the business plan as necessary to implement the business  
4 plan and that all investors may cancel their commitments to invest if  
5 that target offering amount is not raised by the time stated in the  
6 disclosure document.

7 (6) The issuer is not, either before or as a result of the offering, an investment  
8 company, as defined in section 3 of the Investment Company Act of 1940,  
9 15 U.S.C. § 8a-3, or an entity that would be an investment company but for  
10 the exclusions provided in section 3(c) of the act, or subject to the reporting  
11 requirements of section 13 or 15(d) of the Securities Exchange Act of 1934,  
12 15 U.S.C. § 78m and 78o(d).

13 (7) The issuer shall inform all prospective purchasers under this section that the  
14 securities have not been registered under federal or State securities law and  
15 that the securities are subject to limitations on resale. The issuer shall display  
16 the following legend conspicuously on the cover page of the disclosure  
17 document:

18 "IN MAKING AN INVESTMENT DECISION, INVESTORS  
19 MUST RELY ON THEIR OWN EXAMINATION OF THE  
20 ISSUER AND THE TERMS OF THE OFFERING, INCLUDING  
21 THE MERITS AND RISKS INVOLVED. THESE SECURITIES  
22 HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR  
23 STATE SECURITIES COMMISSION OR REGULATORY  
24 AUTHORITY. FURTHERMORE, THE FOREGOING  
25 AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR  
26 DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY  
27 REPRESENTATION TO THE CONTRARY IS A CRIMINAL  
28 OFFENSE. THESE SECURITIES ARE SUBJECT TO  
29 RESTRICTIONS ON TRANSFERABILITY AND RESALE AND  
30 MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS  
31 PERMITTED BY SUBSECTION (E) OF SEC RULE 147, 17 C.F.R.  
32 § 230.147(E) AS PROMULGATED UNDER THE SECURITIES  
33 ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE  
34 SECURITIES LAWS, PURSUANT TO REGISTRATION OR  
35 EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE  
36 THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL  
37 RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD  
38 OF TIME."

39 (8) The issuer shall require each purchaser to certify in writing "I understand  
40 and acknowledge that:

41 a. I am investing in a high-risk, speculative business venture. I may lose  
42 all of my investment, and I can afford the loss of my investment.

43 b. This offering has not been reviewed or approved by any state or  
44 federal securities commission or other regulatory authority and that  
45 no such person or authority has confirmed the accuracy or  
46 determined the adequacy of any disclosure made to me relating to  
47 this offering.

48 c. The securities I am acquiring in this offering are illiquid, that there is  
49 no ready market for the sale of such securities, that it may be difficult  
50 or impossible for me to sell or otherwise dispose of this investment,

- 1                   and that, accordingly, I may be required to hold this investment  
2                   indefinitely.
- 3                   d.    I may be subject to tax on my share of the taxable income and losses  
4                   of the company, whether or not I have sold or otherwise disposed of  
5                   my investment or received any dividends or other distributions from  
6                   the company."
- 7                   (9)   If the offer and sale of securities is made through an Internet Web site, the  
8                   following requirements apply:
- 9                   a.    Prior to the offer of an investment opportunity to residents of this  
10                   State through a Web site, the issuer shall provide to the Web site and  
11                   to the Administrator evidence that the issuer is organized under  
12                   North Carolina law and that it is authorized to do business within the  
13                   State.
- 14                   b.    The issuer shall obtain from each purchaser of a security under this  
15                   section evidence that the purchaser is a resident of North Carolina  
16                   and, if applicable, an accredited investor.
- 17                   c.    The Web site operator shall register with the Administrator by filing  
18                   a statement that it is a business entity that is organized under North  
19                   Carolina law and that it is authorized to do business within the State  
20                   and that it is being utilized to offer and sell securities pursuant to this  
21                   exemption. As part of the registration, the Web site shall notify the  
22                   Administrator of its and the issuer's identity, location, and contact  
23                   information.
- 24                   d.    The issuer and the Web site must keep and maintain records of the  
25                   offers and sales of securities effected through the Web site and must  
26                   provide ready access to the records to the Administrator, upon  
27                   request. The Administrator may access, inspect, and review any Web  
28                   site and its records.
- 29                   (10) All payments for purchase of securities must be directed to and held by the  
30                   bank or depository institution subject to the provisions of sub-subdivision  
31                   (a)(5)c. of this section. The bank or depository institution shall notify the  
32                   Administrator of the receipt of payments for securities and the identity and  
33                   residence of the investors. The information shall be confidential and  
34                   considered trade secrets within the scope of G.S. 132-1.2 while in the  
35                   possession of the Administrator.
- 36                   (11) No offers or sales of a security shall be made through an Internet Web site  
37                   unless the Web site is registered with the Administrator pursuant to  
38                   sub-subdivision (a)(9)c. of this section. The Web site shall not be subject to  
39                   the registration provisions of G.S. 78A-36 provided that all of the following  
40                   apply:
- 41                   a.    It does not offer investment advice or recommendations.
- 42                   b.    It does not solicit purchases, sales, or offers to buy the securities  
43                   offered or displayed on the Web site.
- 44                   c.    It does not compensate employees, agents, or other persons for the  
45                   solicitation or based on the sale of securities displayed or referenced  
46                   on the Web site.
- 47                   d.    It is not compensated based on the amount of securities sold, and it  
48                   does not hold, manage, possess, or otherwise handle investor funds  
49                   or securities.
- 50                   e.    It does not engage in such other activities as the Administrator, by  
51                   rule, determines appropriate.

1           (12) An executive officer, director, managing member, or person occupying a  
2 similar status or performing similar functions in the name of and on behalf  
3 of the issuer shall be exempt from the registration provisions of  
4 G.S. 78A-36, provided that the person does not receive, directly or  
5 indirectly, any commission or remuneration for offering and selling  
6 securities of the issuer pursuant to this exemption.

7           (13) The issuer must provide a copy of the disclosure document provided to the  
8 Administrator pursuant to sub-subdivision (a)(5)b. of this section to each  
9 prospective investor at the time the offer of securities is made to the  
10 prospective investor. In addition to the information described in  
11 sub-subdivision (a)(5)b. of this section, the disclosure document provided to  
12 the Administrator and to prospective investors should include additional  
13 information material to the offering, including, where appropriate, a  
14 discussion of significant factors that make the offering speculative or risky.  
15 This discussion must be concise and organized logically and should not  
16 present risks that could apply to any issuer or any offering.

17       (b) Indexing. – The dollar limitations provided in subdivision (a)(3) of this section shall  
18 be cumulatively adjusted every fifth year by the Administrator to reflect the change in the  
19 Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics,  
20 setting each dollar limitation to the nearest fifty thousand dollars (\$50,000).

21       (c) Report. – An issuer of a security, the offer and sale of which is exempt under this  
22 section, shall provide a quarterly report to the issuer's investors until no securities issued under  
23 this section are outstanding. The report required by this subsection shall be free of charge. An  
24 issuer may satisfy the reporting requirement of this subsection by making the information  
25 available on an Internet Web site address if the information is made available within 45 days of  
26 the end of each fiscal quarter and remains available until the succeeding quarterly report is  
27 issued. An issuer shall file each such quarterly report with the Administrator and must provide  
28 a written copy of the report to any investor upon request. The report must contain each of the  
29 following:

30           (1) Compensation received by each director and executive officer, including  
31 cash compensation earned since the previous report and on an annual basis  
32 and any bonuses, stock options, other rights to receive securities of the issuer  
33 or any affiliate of the issuer, or other compensation received.

34           (2) An analysis by management of the issuer of the business operations and  
35 financial condition of the issuer.

36       (d) Offers and Sales to Controlling Persons. – The exemption provided in this section  
37 shall not be used in conjunction with any other exemption under this Chapter, except offers and  
38 sales to controlling persons shall not count toward the limitation in subdivision (3) of  
39 subsection (a) of this section. A controlling person is an officer, director, partner, trustee, or  
40 individual occupying similar status or performing similar functions with respect to the issuer or  
41 to a person owning ten percent (10%) or more of the outstanding shares of any class or classes  
42 of securities of the issuer.

43       (e) Disqualification. – The exemption allowed by this section shall not apply if an  
44 issuer or person affiliated with the issuer or offering is subject to any disqualification contained  
45 in 18 NCAC 06A .1207(a)(1) through (a)(6) or contained in Rule 262 as promulgated under the  
46 Securities Act of 1933, 17 C.F.R. § 230.262. The provisions of this subsection shall not apply if  
47 (i) upon a showing of good cause and without prejudice to any other action by the  
48 Administrator, the Administrator determines that it is not necessary under the circumstances  
49 that an exemption be denied and (ii) the issuer establishes that it made factual inquiry into  
50 whether any disqualification existed under this subsection but did not know, and in the exercise  
51 of reasonable care could not have known, that a disqualification existed under this subsection.



1 The nature and scope of the requisite inquiry will vary based on the circumstances of the issuer  
2 and the other offering participants.

3 (f) Rules. – The Administrator may adopt rules to implement the provisions of this  
4 section and to protect investors who purchase securities under this section."

5 **SECTION 2.13.(c)** G.S. 78A-49(d) reads as rewritten:

6 "(d) The Administrator may by rule or order require the filing of any prospectus,  
7 pamphlet, circular, form letter, advertisement, or other sales literature or advertising  
8 communication addressed or intended for distribution to prospective investors, unless the  
9 security or transaction is exempted by ~~G.S. 78A-16 or 78A-17 (except 78A-17(9), (17), and~~  
10 ~~(19))~~ G.S. 78A-16 and G.S. 78A-17 (except G.S. 78A-17(9), (17), (19), and (20)) and such  
11 exemption has not been denied or revoked under G.S. 78A-18 or the security is a security  
12 covered under federal law or the transaction is with respect to a security covered under federal  
13 law."

14 **SECTION 2.13.(d)** Notwithstanding any provision of Article 2A of Chapter 150B  
15 of the General Statutes, within 12 months of the effective date of this section, the Secretary of  
16 State shall adopt rules to implement the provisions of this section in accordance with the  
17 following procedure:

- 18 (1) At least 15 business days prior to adopting a rule, submit the rule and a  
19 notice of public hearing to the Codifier of Rules. The Codifier of Rules shall  
20 publish the proposed rule and the notice of public hearing on the Internet  
21 within five business days.
- 22 (2) At least 15 business days prior to adopting a rule, notify persons on the  
23 mailing list maintained pursuant to G.S. 150B-21.2(d) and any other  
24 interested parties of the Secretary's intent to adopt a rule and of the public  
25 hearing.
- 26 (3) Accept written comments on the proposed rule for at least 15 business days  
27 prior to adoption of the rule.
- 28 (4) Hold at least one public hearing on the proposed rule no less than five days  
29 after the rule and notice have been published.

30 A rule adopted in accordance with this section becomes effective on the first day of  
31 the month following the month the Secretary adopts the rule and submits the rule to the  
32 Codifier of Rules for entry into the North Carolina Administrative Code. Any rule adopted  
33 more than 12 months after the effective date of this section shall comply with the requirement  
34 of Article 2A of Chapter 150B of the General Statutes.

35 **SECTION 2.13.(e)** Section 2.13(d) is effective when it becomes law and expires  
36 12 months after the effective date of this section. The remainder of this section is effective  
37 when it becomes law and expires on July 1, 2017.

## 38 **STUDY INSURANCE RATES**

39 **SECTION 2.14.** The Legislative Research Commission shall study whether the  
40 Commissioner of Insurance should be given authority to specify overall rates that do not exceed  
41 the rates proposed by the Bureau filing. The Legislative Research Commission shall report its  
42 findings, including any proposed legislative recommendations, to the 2015 General Assembly  
43 prior to the convening of the 2015 Regular Session.

## 44 **REMOVE SUNSET FOR CERTAIN COLUMBARIUM**

45 **SECTION 2.15.(a)** G.S. 65-47(d) reads as rewritten:

46 "(d) ~~(Expires January 23, 2015)~~ A columbarium that is built built, on or before January  
47 23, 2015, on the grounds of a private, self-contained retirement community in a county where  
48 no commercially available columbarium exists, funded solely by the residents of that  
49  
50

1 community, and reserved exclusively for the residents' use shall be exempt from the provisions  
2 of Article 9 of this Chapter."

3 **SECTION 2.15.(b)** Section 2 of S.L. 2013-335 reads as rewritten:

4 "**SECTION 2.** This act is effective when it becomes law and expires 18 months after that  
5 date.law."

### 6 7 **STUDY STATUTORY CHANGES RELATED TO CORPORATIONS LAW**

8 **SECTION 2.16.** The Joint Legislative Economic Development and Global  
9 Engagement Oversight Committee shall study the creation of statutory language which would  
10 permit each of the following:

- 11 (1) A corporation incorporated under the laws of the State of North Carolina to  
12 be merged, without shareholder authorization, into a direct or indirect wholly  
13 owned subsidiary of the North Carolina corporation. The Committee shall  
14 consider whether certain organizational documents of the surviving entity  
15 should contain particular provisions as dictated by State law before such a  
16 merger would be recognized as effective in this State.
- 17 (2) A North Carolina corporation to designate an exclusive forum for  
18 shareholder disputes. The Committee shall consider any and all issues  
19 pertinent to providing for an exclusive forum selection provision under  
20 North Carolina law, including (i) the applicability of such a provision to  
21 some or all shareholders, (ii) the appropriate governing documents in which  
22 the provision must be included, and (iii) the class or classes of disputes to  
23 which the applicability should be extended or limited.

24 The Committee shall make a final report, including any proposed legislation, prior  
25 to the commencement of the 2015 Regular Session of the 2015 General Assembly.

26 **SECTION 2.17.** The Department of Insurance, in consultation with the Treasurer's  
27 Office and the Department of Commerce, shall study issues related to requiring life insurance  
28 companies to determine if a policyholder is deceased and whether or not the insurance  
29 company should be required to provide notice to the beneficiaries on submitting a claim if the  
30 policyholder is deceased. The Department of Insurance shall report, with recommendations, to  
31 the 2015 General Assembly on or before January 20, 2015.

### 32 33 **PART III. STATE AND LOCAL GOVERNMENT REGULATION**

#### 34 35 **NOTIFY PROPERTY OWNERS OF RIGHT-OF-WAY TRANSFERS**

36 **SECTION 3.1.(a)** G.S. 136-66.10 reads as rewritten:

37 "**§ 136-66.10. Dedication of right-of-way under local ordinances.**

38 (a) Whenever a tract of land located within the territorial jurisdiction of a city or  
39 county's zoning or subdivision control ordinance or any other land use control ordinance  
40 authorized by local act is proposed for subdivision or for use pursuant to a zoning or building  
41 permit, and a portion of it is embraced within a corridor for a street or highway on a plan  
42 established and adopted pursuant to G.S. 136-66.2, a city or county zoning or subdivision  
43 ordinance may provide for the dedication of right-of-way within that corridor pursuant to any  
44 applicable legal authority, or:

- 45 (1) A city or county may require an applicant for subdivision plat approval or  
46 for a special use permit, conditional use permit, or special exception, or for  
47 any other permission pursuant to a land use control ordinance authorized by  
48 local act to dedicate for street or highway purpose, the right-of-way within  
49 such corridor if the city or county allows the applicant to transfer density  
50 credits attributable to the dedicated right-of-way to contiguous land owned  
51 by the applicant. No dedication of right-of-way shall be required pursuant to

1 this subdivision unless the board or agency granting final subdivision plat  
2 approval or the special use permit, conditional use permit, special exception,  
3 or permission shall find, prior to the grant, that the dedication does not result  
4 in the deprivation of a reasonable use of the original tract and that the  
5 dedication is either reasonably related to the traffic generated by the  
6 proposed subdivision or use of the remaining land or the impact of the  
7 dedication is mitigated by measures provided in the local ordinance.

8 (2) If a city or county does not require the dedication of right-of-way within the  
9 corridor pursuant to subdivision (1) of this subsection or other applicable  
10 legal authority, but an applicant for subdivision plat approval or a zoning or  
11 building permit, or any other permission pursuant to a land use control  
12 ordinance authorized by local act elects to dedicate the right-of-way, the city  
13 or county may allow the applicant to transfer density credits attributable to  
14 the dedicated right-of-way to contiguous land that is part of a common  
15 development plan or to transfer severable development rights attributable to  
16 the dedicated right-of-way to noncontiguous land in designated receiving  
17 districts pursuant to G.S. 136-66.11.

18 (3) Units of local government that require or accept right-of-way dedications  
19 under this subsection shall notify the applicant and the property owner when  
20 the local government begins review of or negotiations for a right-of-way  
21 dedication and associated density credit transfer, whichever first occurs. If  
22 the property owner is not the applicant, then the property owner shall be  
23 given notification of right-of-way dedications and any related density credit  
24 transfers under this subsection. The notification shall be sent to the last  
25 known address for the owner and shall include a copy of this section and any  
26 local ordinances, policies, or procedures governing the calculation and  
27 application of the density credit transfer.

28 (b) When used in this section, the term "density credit" means the potential for the  
29 improvement or subdivision of part or all of a parcel of real property, as permitted under the  
30 terms of a zoning and/or subdivision ordinance, and/or other land use control ordinance  
31 authorized by local act, expressed in dwelling unit equivalents or other measures of  
32 development density or intensity or a fraction or multiple of that potential that may be  
33 transferred to other portions of the same parcel or to contiguous land in that is part of a  
34 common development plan."

35 **SECTION 3.1.(b)** Section 3.1 becomes effective October 1, 2014, and applies to  
36 dedications occurring on or after that date.

## 37 38 **DOT CONDEMNATION/CORRIDOR MAP CHANGES**

39 **SECTION 3.2.(a)** G.S. 136-113 reads as rewritten:

### 40 **"§ 136-113. Interest as a part of just compensation.**

41 To said amount awarded as damages by the commissioners or a jury or judge, the judge  
42 shall, as a part of just compensation, add interest at the legal rate as provided in G.S. 24-1 on  
43 said amount from the date of taking to the date of judgment; ~~the judgment is paid;~~ but interest  
44 shall not be allowed from the date of deposit on so much thereof as shall have been paid into  
45 court as provided in this Article."

46 **SECTION 3.2.(b)** G.S. 136-119 reads as rewritten:

### 47 **"§ 136-119. Costs and appeal.**

48 (a) The Department of Transportation shall pay all court costs taxed by the court. Either  
49 party shall have a right of appeal to the Supreme Court for errors of law committed in any  
50 proceedings provided for in this Article in the same manner as in any other civil actions and it  
51 shall not be necessary that an appeal bond be posted.

1 (b) The court having jurisdiction of the condemnation action instituted by the  
2 Department of Transportation to acquire real property by condemnation shall award the owner  
3 of any right, or title to, or interest in, such real property such sum as will in the opinion of the  
4 court reimburse such owner for his reasonable cost, disbursements, and expenses, including  
5 reasonable attorney fees, appraisal, and engineering fees, actually incurred because of the  
6 condemnation proceedings, ~~if (i) the~~ if any of the following apply:

7 (1) The final judgment is that the Department of Transportation cannot acquire  
8 real property by condemnation; or (ii) the condemnation.

9 (2) The proceeding is abandoned by the Department of Transportation.

10 (3) The final judgment exceeds the amount of the initial deposit by thirty-five  
11 percent (35%) or more. Attorneys' fees awarded pursuant to this subsection  
12 shall not exceed one-third of the difference between the verdict, plus  
13 interest, and the initial deposit, nor shall such fees exceed the prevailing  
14 hourly rate in the county where the land is located.

15 (c) The judge rendering a judgment for the plaintiff in a proceeding brought under  
16 G.S. 136-111 awarding compensation for the taking of property, shall determine and award or  
17 allow to such plaintiff, as a part of such judgment, such sum as will in the opinion of the judge  
18 reimburse such plaintiff for his reasonable cost, disbursements and expenses, including  
19 reasonable attorney, appraisal, and engineering fees, actually incurred because of such  
20 proceeding."

21 **SECTION 3.2.(c)** G.S. 136-44.51 reads as rewritten:

22 **"§ 136-44.51. Effect of transportation corridor official map.**

23 (a) After a transportation corridor official map is filed with the register of deeds, no  
24 building permit shall be issued for any building or structure or part thereof located within the  
25 transportation corridor, nor shall approval of a subdivision, as defined in G.S. 153A-335 and  
26 G.S. 160A-376, be granted with respect to property within the transportation corridor. The  
27 Secretary of Transportation or his designee, the director of a regional public transportation  
28 authority, or the director of a regional transportation authority, as appropriate, shall be notified  
29 within 10 days of all submittals for corridor map determination, as provided in subsections (b)  
30 and (c) of this section.

31 (b) In any event, no application for building permit issuance or subdivision plat  
32 approval for a tract subject to a valid transportation corridor official map shall be delayed by  
33 the provisions of this section for more than ~~three years~~ two years from the date of its original  
34 submittal to the appropriate local jurisdiction. A submittal to the local jurisdiction for corridor  
35 map determination shall require only the name of the property owner, the street address of the  
36 property parcel, the parcel number or tax identification number, a vicinity map showing the  
37 location of the parcel with respect to nearby roads and other landmarks, a sketch of the parcel  
38 showing all existing and proposed structures or other uses of the property, and a description of  
39 the proposed improvements. If the impact of an adopted corridor on a property submittal for  
40 corridor map determination is still being reviewed after the ~~three-year~~ two-year period  
41 established pursuant to this subsection, the entity that adopted the transportation corridor  
42 official map affecting the issuance of building permits or subdivision plat approval shall issue  
43 approval for an otherwise eligible request or initiate acquisition proceedings on the affected  
44 properties. If the entity that adopted the transportation corridor official map has not initiated  
45 acquisition proceedings or issued approval within the time limit established pursuant to this  
46 subsection, an applicant within the corridor may treat the real property as unencumbered and  
47 free of any restriction on sale, transfer, or use established by this Article.

48 (c) No submittal to a local jurisdiction for corridor map determination shall be  
49 construed to be an application for building permit issuance or subdivision plat approval. The  
50 provisions of this section shall not apply to valid building permits issued prior to August 7,  
51 1987, or to building permits for buildings and structures which existed prior to the filing of the

1 transportation corridor, provided the size of the building or structure is not increased and the  
2 type of building code occupancy as set forth in the North Carolina Building Code is not  
3 changed."

4 **SECTION 3.2.(d)** Sections 3.2(a) and 3.2(b) of this section become effective July  
5 1, 2015, and apply to condemnation actions filed on or after that date. Sections 3.2(c) and  
6 3.2(d) of this act become effective July 1, 2014.

#### 7 8 **NOTICE TO CHRONIC VIOLATORS**

9 **SECTION 3.3.(a)** G.S. 160A-200 is repealed.

10 **SECTION 3.3.(b)** G.S. 160A-200.1 reads as rewritten:

11 "**§ 160A-200.1. Annual notice to chronic violators of public nuisance ordinance.**

12 (a) A city may notify a chronic violator of the city's public nuisance ordinance that, if  
13 the violator's property is found to be in violation of the ordinance, the city shall, without further  
14 notice in the calendar year in which notice is given, take action to remedy the violation, and the  
15 expense of the action shall become a lien upon the property and shall be collected as unpaid  
16 taxes.

17 (b) The notice shall be sent by registered or certified ~~mail~~ mail to the address of record  
18 for the property owner. When service is attempted by registered or certified mail, a copy of the  
19 notice may also be sent by regular mail. Service shall be deemed sufficient if the registered or  
20 certified mail is unclaimed or refused, but the regular mail is not returned by the post office  
21 within 10 days after the mailing. If service by regular mail is used, a copy of the notice shall be  
22 posted in a conspicuous place on the premises affected. ~~A chronic violator is a person who~~  
23 ~~owns property whereupon, in the previous calendar year, the city gave notice of violation at~~  
24 ~~least three times under any provision of the public nuisance ordinance.~~

25 (c) A city may also give notice to a chronic violator of the city's overgrown vegetation  
26 ordinance in accordance with this section.

27 (d) For purposes of this section, a chronic violator is a person who is the property owner  
28 of record whereupon, in the previous calendar year, the city gave notice of violation at least  
29 three times in accordance with subsection (b) of this section."

#### 30 31 **ALLOW FOR DIFFERENTIAL TREATMENT OF FRATERNITIES AND** 32 **SORORITIES IN ZONING**

33 **SECTION 3.4.(a)** G.S. 153A-340(k) reads as rewritten:

34 "(k) ~~A~~ With respect to fraternities and sororities, a zoning or unified development  
35 ordinance may not differentiate in terms of the regulations applicable to fraternities or sororities  
36 between those fraternities or sororities that are approved or recognized by a college or  
37 university and those that are not not only as follows:

38 (1) The ordinance shall permit a fraternity or sorority suspended or not  
39 recognized at least two years to reestablish approval or recognition.

40 (2) The ordinance shall permit a fraternity or sorority seeking approval or  
41 recognition at least three years to establish approval or recognition.

42 (3) The ordinance shall require that a property may not be occupied successively  
43 by a fraternity or sorority seeking to reestablish approval or recognition and  
44 a fraternity or sorority seeking approval or recognition, and vice versa,  
45 unless the property is occupied by a fraternity or sorority approved or  
46 recognized for at least 12 successive months between the two."

47 **SECTION 3.4.(b)** G.S. 160A-381(g) reads as rewritten:

48 "(g) ~~A~~ With respect to fraternities and sororities, a zoning or unified development  
49 ordinance may not differentiate in terms of the regulations applicable to fraternities or sororities  
50 between those fraternities or sororities that are approved or recognized by a college or  
51 university and those that are not not only as follows:

- 1           (1) The ordinance shall permit a fraternity or sorority suspended or not  
2           recognized at least two years to reestablish approval or recognition.  
3           (2) The ordinance shall permit a fraternity or sorority seeking approval or  
4           recognition at least three years to establish approval or recognition.  
5           (3) The ordinance shall require that a property may not be occupied successively  
6           by a fraternity or sorority seeking to reestablish approval or recognition and  
7           a fraternity or sorority seeking approval or recognition, and vice versa,  
8           unless the property is occupied by a fraternity or sorority approved or  
9           recognized for at least 12 successive months between the two."

## 11 REPEAL SUPERMAJORITY EFFECT OF PROTEST PETITIONS

12           **SECTION 3.5.(a)** G.S. 160A-385(a) is repealed.

13           **SECTION 3.5.(b)** G.S. 160A-386 is repealed.

14           **SECTION 3.5.(c)** G.S. 122C-403(3) reads as rewritten:

15           "(3) Regulate the development of the reservation in accordance with the powers  
16           granted in Article 19, Parts 2, 3, 3C, 5, 6, and 7, of Chapter 160A of the  
17           General Statutes. The Secretary may not, however, grant a special use  
18           permit, a conditional use permit, or a special exception under Part 3 of that  
19           Article. In addition, the Secretary is not required to notify landowners of  
20           zoning classification actions under G.S. 160A-384, ~~and the protest petition~~  
21           ~~requirements in G.S. 160A-385, and 160A-386 do not apply,~~ but the  
22           Secretary shall give the mayor of the Town of Butner at least 14 days'  
23           advance written notice of any proposed zoning change. The Secretary may  
24           designate Advisory establish a board to act like a Board of Adjustment to  
25           make recommendations to the Secretary concerning implementation of plans  
26           for the development of the reservation. When acting as a Board of  
27           Adjustment, Advisory that board shall be subject to subsections (b), (c), (d),  
28           (f), and (g) of G.S. 160A-388."

29           **SECTION 3.5.(d)** This section also repeals any local act authority for submission,  
30           review, or action by any municipality upon any zoning protest petition, whether or not enacted  
31           as a provision in a municipal charter.

## 33 REPEAL OBSOLETE DEPARTMENT OF INSURANCE STATUTES

34           **SECTION 3.6.(a)** G.S. 58-2-165(b) reads as rewritten:

35           "(b) The Commissioner may require statements under this ~~section, G.S. 58-2-170,~~  
36           ~~section~~ and G.S. 58-2-190 to be filed in a format that can be read by electronic data processing  
37           equipment, provided that this subsection does not apply to an audited financial statement  
38           prepared by a certified public accountant that is submitted by a town or county mutual pursuant  
39           to subsection (a1) of this section."

40           **SECTION 3.6.(b)** G.S. 58-2-170 is repealed.

41           **SECTION 3.6.(c)** G.S. 58-3-191(a) and (b1) are repealed.

42           **SECTION 3.6.(d)** G.S. 58-67-140(a)(7) is repealed.

43           **SECTION 3.6.(e)** G.S. 58-36-3(c) is repealed.

44           **SECTION 3.6.(f)** G.S. 58-40-130(e) is repealed.

45           **SECTION 3.6.(g)** G.S. 58-50-95 is repealed.

## 47 STUDY POST-ARREST PHOTOGRAPHIC IMAGES NOT PUBLIC

48           **SECTION 3.7.** The Administrative Office of the Courts and the Department of  
49           Public Safety shall study whether or not photographs of individuals charged with a crime  
50           should be a public record, including the admissibility of such photographs, posting on the  
51           Internet of such photographs prior to conviction, and any other matters related to the use of

1 photographs of charged individuals. The Administrative Office of the Courts and the  
2 Department of Public Safety shall report, with recommendations, to the Joint Legislative  
3 Oversight Committee on Justice and Public Safety on or before December 31, 2014.  
4

## 5 COMPLIANCE WITH BUILDING CODE INSPECTION REQUIREMENTS

6 SECTION 3.8.(a) G.S. 153A-360 reads as rewritten:

### 7 "§ 153A-360. Inspections of work in progress.

8 ~~As Subject to the provisions of G.S. 153A-352(b),~~ as the work pursuant to a permit  
9 progresses, local inspectors shall make as many inspections of the work as may be necessary to  
10 satisfy them that it is being done according to the provisions of the applicable State and local  
11 laws and local ordinances and regulations and of the terms of the permit. In exercising this  
12 power, each member of the inspection department has a right, upon presentation of proper  
13 credentials, to enter on any premises within the territorial jurisdiction of the department at any  
14 reasonable hour for the purposes of inspection or other enforcement action. If a permit has been  
15 obtained by an owner exempt from licensure under G.S. 87-1(b)(2), no inspection shall be  
16 conducted without the owner being personally present, unless the plans for the building were  
17 drawn and sealed by an architect licensed pursuant to Chapter 83A of the General Statutes."

18 SECTION 3.8.(b) G.S. 160A-420 reads as rewritten:

### 19 "§ 160A-420. Inspections of work in progress.

20 ~~As Subject to the provisions of G.S. 160A-412(b),~~ as the work pursuant to a permit  
21 progresses, local inspectors shall make as many inspections thereof as may be necessary to  
22 satisfy them that the work is being done according to the provisions of any applicable State and  
23 local laws and of the terms of the permit. In exercising this power, members of the inspection  
24 department shall have a right to enter on any premises within the jurisdiction of the department  
25 at all reasonable hours for the purposes of inspection or other enforcement action, upon  
26 presentation of proper credentials. If a permit has been obtained by an owner exempt from  
27 licensure under G.S. 87-1(b)(2), no inspection shall be conducted without the owner being  
28 personally present, unless the plans for the building were drawn and sealed by an architect  
29 licensed pursuant to Chapter 83A of the General Statutes."  
30

## 31 STUDY ETHICS REQUIREMENTS FOR CERTAIN CITY OFFICIALS

32 SECTION 3.9. The State Ethics Commission and the School of Government at the  
33 University of North Carolina at Chapel Hill shall study the implications and impact of requiring  
34 municipal and county elected officials to file a statement of economic interest. The State Ethics  
35 Commission and the School of Government at the University of North Carolina at Chapel Hill  
36 shall report to the Joint Legislative Administrative Procedure Oversight Committee on or  
37 before December 31, 2014.  
38

## 39 BUILDING CODE STUDY

40 SECTION 3.10. The North Carolina Building Code Council shall undertake a  
41 study of the authority granted to local building inspectors in those counties and cities where  
42 building plans are reviewed and approved prior to the issuance of a building permit, pursuant to  
43 G.S. 153A-357, 153A-359, 153A-360, 153A-362, 153A-365, 160A-417, 160A-419, 160A-420,  
44 and any other statutes deemed relevant by the Council. The Council shall report to the 2015  
45 General Assembly on its findings and make recommendations on any statutory amendments  
46 that are necessary to ensure local field inspectors cannot disregard or independently require  
47 changes to any construction plans previously approved by a county or city.  
48

## 49 BRAC RELATED AMENDMENTS

50 SECTION 3.11.(a) Article 8B of Chapter 143 of the General Statutes is amended  
51 by adding a new section to read:

**"§ 143-135.29. Review of Military Lands Protection Act proposals.**

The State Construction Office shall maintain, and make available to the public, accurate maps of areas surrounding major military installations, as defined in G.S. 143-151.71, including Military Trainings Routes and Military Operating Areas that are subject to the provisions of Article 9G of Chapter 143 of the General Statutes."

**SECTION 3.11.(b)** G.S. 143-151.71 reads as rewritten:

**"§ 143-151.71. Definitions.**

Within the meaning of this Article:

- (1) "Area surrounding major military installations" is the area that extends five miles beyond the boundary of a major military installation and may include incorporated and unincorporated areas of counties and municipalities.
- (2) ~~"Building Code Council" means the Council created pursuant to Article 9 of Chapter 143 of the General Statutes.~~
- (3) "Commissioner" means the Commissioner of Insurance.
- (4) "Construction" includes reconstruction, alteration, or expansion.
- (5) "Major military installation" means Fort Bragg, Pope Army Airfield, Camp Lejeune Marine Corps Air Base, New River Marine Corps Air Station, Cherry Point Marine Corps Air Station, Military Ocean Terminal at Sunny Point, the United States Coast Guard Air Station at Elizabeth City, Naval Support Activity Northwest, Air Route Surveillance Radar (ARSR-4) at Fort Fisher, and Seymour Johnson Air Force Base, in its own right and as the responsible entity for the Dare County Bombing Range, and any facility located within the State that is subject to the installations' oversight and control.
- (6) "Person" means any individual, partnership, firm, association, joint venture, public or private corporation, trust, estate, commission, board, public or private institution, utility, cooperative, interstate body, the State of North Carolina and its agencies and political subdivisions, or other legal entity.
- (6a) "State Construction Office" means the State Construction Office of the Department of Administration.
- (7) "Tall buildings or structures" means any building, structure, or unit within a multiunit building with a vertical height of more than 200 feet measured from the top of the foundation of the building, structure, or unit and the uppermost point of the building, structure, or unit. "Tall buildings or structures" do not include buildings and structures listed individually or as contributing resources within a district listed in the National Register of Historic Places."

**SECTION 3.11.(c)** G.S. 143-151.73 reads as rewritten:

**"§ 143-151.73. Certain buildings and structures prohibited without endorsement.**

(a) No county or city may authorize the construction of and no person may construct a tall building or structure in any area surrounding a major military installation in this State, unless the county or city is in receipt of either a letter of endorsement issued to the person by the ~~Building Code Council~~State Construction Office pursuant to G.S. 143-151.75 or proof of the ~~Council's~~State Construction Office's failure to act within the time allowed pursuant to G.S. 143-151.75.

(b) No county or city may authorize the provision of the following utility services to any building or structure constructed in violation of subsection (a) of this section: electricity, telephone, gas, water, sewer, or septic system."

**SECTION 3.11.(d)** G.S. 143-151.75 reads as rewritten:

**"§ 143-151.75. Endorsement for proposed tall buildings or structures required.**



1 (a) No person shall undertake construction of a tall building or structure in any area  
2 surrounding a major military installation in this State without either first obtaining the  
3 endorsement from the ~~Building Code Council~~State Construction Office or proof of the  
4 ~~Council's~~State Construction Office's failure to act within the time allowed.

5 (b) A person seeking endorsement for a proposed tall building or structure in any area  
6 surrounding a major military installation in this State shall provide written notice of the intent  
7 to seek endorsement to the base commander of the major military installation that is located  
8 within five miles of the proposed tall building or structure and shall provide all of the following  
9 to the ~~Building Code Council~~State Construction Office:

10 (1) Identification of the major military installation and the base commander of  
11 the installation that is located within five miles of the proposed tall building  
12 or structure.

13 (2) A copy of the written notice sent to the base commander of the installation  
14 identified in subdivision (1) of this subsection that is located within five  
15 miles of the proposed tall building or structure.

16 (3) A written "Determination of No Hazard to Air Navigation" issued by the  
17 Federal Aviation Administration pursuant to Subpart D of Part 77 of Title 14  
18 of the Code of Federal Regulations (January 1, 2012, Edition) for the  
19 proposed tall building or structure.

20 (c) After receipt of the information provided by the applicant pursuant to subsection (b)  
21 of this section, the ~~Building Code Council~~State Construction Office shall, in writing, request a  
22 written statement concerning the proposed tall building or structure from the base commander  
23 of the major military installation identified in subdivision (1) of subsection (b) of this section.  
24 The ~~Building Code Council~~State Construction Office shall request that the following  
25 information be included in the written statement from the base commander:

26 (1) A determination whether the location of the proposed tall building or  
27 structure is within a protected area that surrounds the installation.

28 (2) A determination whether any activities of the installation may be adversely  
29 affected by the proposed tall building or structure. A detailed description of  
30 the potential adverse effects, including frequency disturbances and physical  
31 obstructions, shall accompany the determination required by this  
32 subdivision.

33 (d) The ~~Building Code Council~~State Construction Office shall not endorse a tall  
34 building or structure if the Council finds any one or more of the following:

35 (1) The proposed tall building or structure would encroach upon or otherwise  
36 interfere with the mission, training, or operations of any major military  
37 installation in North Carolina and result in a detriment to continued military  
38 presence in the State. In its evaluation, the ~~Building Code Council~~State  
39 Construction Office may consider whether the proposed tall building or  
40 structure would cause interference with air navigation routes, air traffic  
41 control areas, military training routes, or radar based on the written  
42 statement received from a base commander as provided in subsection (c) of  
43 this section and written comments received by members of affected  
44 communities. Provided, however, if the ~~Building Code Council~~State  
45 Construction Office does not receive a written statement requested pursuant  
46 to subsection (c) of this section within 45 days of issuance of the request to  
47 the base commander, the ~~Building Code Council~~State Construction Office  
48 shall deem the tall building or structure as endorsed by the base commander.

49 (2) The ~~Council~~State Construction Office is not in receipt of the written  
50 "Determination of No Hazard to Air Navigation" issued to the person by the

1 Federal Aviation Administration required pursuant to subdivision (3) of  
2 subsection (b) of this section.

3 (e) The ~~Building Code Council~~ State Construction Office shall make a final decision on  
4 the request for endorsement of a tall building or structure within 90 days from the date on  
5 which the ~~Council~~ State Construction Office requested the written statement from the base  
6 commander of the major military installation identified in subdivision (1) of subsection (b) of  
7 this section. If the ~~Council~~ State Construction Office determines that a request for a tall building  
8 or structure fails to meet the requirements for endorsement under this section, the ~~Council~~ State  
9 Construction Office shall deny the request. The ~~Council~~ State Construction Office shall notify  
10 the person of the denial, and the notice shall include a written statement of the reasons for the  
11 denial. If the ~~Council~~ State Construction Office fails to act within any time period set forth in  
12 this section, the person may treat the failure to act as a decision to endorse the tall building or  
13 structure.

14 (f) The ~~Building Code Council~~ State Construction Office may meet by telephone, video,  
15 or Internet conference, so long as consistent with applicable law regarding public meetings, to  
16 make a decision on a request for endorsement for a tall building or structure pursuant to  
17 subsection (e) of this section."

18 **SECTION 3.11.(e)** G.S. 143-138(j2) is repealed.

19 **SECTION 3.11.(f)** Chapter 127C of the General Statutes is amended by adding a  
20 new section to read:

21 **"§ 127C-5. Protection of sensitive documents.**

22 (a) In carrying out any purpose set out in G.S. 127C-1(b), the Commission and the  
23 Department of Commerce may share documents and discussions protected from disclosure  
24 under G.S. 132-1.2 and G.S. 143-318.11 with other public bodies. Any information shared  
25 under this subsection shall be confidential and exempt from Chapter 132 of the General  
26 Statutes to the same extent that it is confidential in the possession of the Commission or the  
27 Department.

28 (b) In carrying out any purpose set out in G.S. 127C-1(b), the Commission and the  
29 Department of Commerce may share documents and discussions protected from disclosure  
30 under G.S. 132-1.2 and G.S. 143-318.11 with any third party in its discretion. Any information  
31 shared under this subsection shall be shared under an agreement to keep the information  
32 confidential to the same extent that it is confidential in the possession of the Commission or the  
33 Department."

34 **SECTION 3.11.(g)** G.S. 132-1.2 is amended by adding a new subdivision to read:

35 **"(6) Reveals documents related to the federal government's process to determine**  
36 **closure or realignment of military installations until a final decision has been**  
37 **made by the federal government in that process."**

38 **SECTION 3.11.(h)** G.S. 143-318.11(a)(4) reads as rewritten:

39 **"(4) To discuss matters relating to the location or expansion of industries or other**  
40 **businesses in the area served by the public body, including agreement on a**  
41 **tentative list of economic development incentives that may be offered by the**  
42 **public body in ~~negotiations.~~ negotiations, or to discuss matters relating to**  
43 **military installation closure or realignment. ~~The~~ Any action approving the**  
44 **signing of an economic development contract or commitment, or the action**  
45 **authorizing the payment of economic development expenditures, shall be**  
46 **taken in an open session."**

47 **SECTION 3.11.(i)** G.S. 127C-1 is amended by adding a new subsection to read:

48 **"(d) Meetings and Records. – In accordance with Article 33C of Chapter 143 of the**  
49 **General Statutes and Chapter 132 of the General Statutes, the Commission may withhold**  
50 **documents and discussions related to the federal government's process to determine closure or**

1 realignment of military installations from public inspection so long as public inspection would  
2 frustrate the purpose of a closed session."

3 **SECTION 3.11.(j)** Sections 3.11(g) through (i) of this section become effective  
4 October 1, 2014, and apply to meetings held or on after that date. The remainder of this section  
5 is effective when it becomes law.

### 7 **ABC PERMITS/SCHOOLS AND COLLEGES**

8 **SECTION 3.12.** G.S. 18B-1006(a) reads as rewritten:

9 "(a) School and College Campuses. – No permit for the sale of ~~malt beverages,~~  
10 ~~unfortified wine, or fortified wine~~ alcoholic beverages shall be issued to a business on the  
11 campus or property of a public school, college, or university. ~~school or college, other than at a~~  
12 ~~regional facility as defined by G.S. 160A-480.2 operated by a facility authority under Part 4 of~~  
13 ~~Article 20 of Chapter 160A of the General Statutes except for a public school or college~~  
14 ~~function, unless that business is a hotel or a nonprofit alumni organization with a mixed~~  
15 ~~beverages permit or a special occasion permit. This subsection shall not apply on property~~  
16 ~~owned by a local board of education which was leased for 99 years or more to a nonprofit~~  
17 ~~auditorium authority created prior to 1991 whose governing board is appointed by a city board~~  
18 ~~of aldermen, a county board of commissioners, or a local school board. This subsection shall~~  
19 ~~also not apply to the constituent institutions of The University of North Carolina with respect to~~  
20 ~~the sale of beer and wine at (i) performing arts centers located on property owned or leased by~~  
21 ~~the institutions if the seating capacity does not exceed 2,000 seats; (ii) any golf courses owned~~  
22 ~~or leased by the institutions and open to the public for use; or (iii) any stadiums that support a~~  
23 ~~NASCAR-sanctioned one-fourth mile asphalt flat oval short track, that are owned or leased by~~  
24 ~~the institutions, and that only sell malt beverages, unfortified wine, or fortified wine at events~~  
25 ~~that are not sponsored or funded by the institutions. Notwithstanding this subsection, special~~  
26 ~~one-time permits as described in G.S. 18B-1002(a)(5) may be issued to the University of North~~  
27 ~~Carolina at Chapel Hill for the Loudermilk Center for Excellence facility. This subsection shall~~  
28 not apply to the following:

- 29 (1) A regional facility as defined by G.S. 160A-480.2 operated by a facility  
30 authority under Part 4 of Article 20 of Chapter 160A of the General Statutes,  
31 unless the permit is for a public school or public college or university  
32 function.
- 33 (2) Property owned by a local board of education and leased for 99 years or  
34 more to a nonprofit auditorium authority created prior to 1991 whose  
35 governing board is appointed by a city governing board, a county board of  
36 commissioners, or a local school board.
- 37 (3) A hotel.
- 38 (4) A nonprofit alumni organization.
- 39 (5) Restaurants, eating establishments, food businesses, or retail businesses on  
40 the property defined by G.S. 116-198.33(4).
- 41 (6) Any golf courses owned or leased by the public college or university and  
42 open to the public for use.
- 43 (7) The sale of malt beverages, unfortified wine, or fortified wine at the  
44 following:
- 45 a. Performing arts centers located on property owned or leased by the  
46 public college or university.
- 47 b. Any stadiums that support a NASCAR-sanctioned one-fourth mile  
48 asphalt flat oval short track, that are owned or leased by the public  
49 college or university, and that only sell malt beverages, unfortified  
50 wine, or fortified wine at events that are not sponsored or funded by  
51 the public college or university.

- 1           (8) Special one-time permits as described in G.S. 18B-1002(a)(5) for the  
2           Loudermilk Center for Excellence facility at the University of North  
3           Carolina at Chapel Hill."  
4

5 **EXTEND DEADLINE FOR ADOPTION OF DIVISION OF EMPLOYMENT**  
6 **SECURITY RULES**

7           **SECTION 3.13.(a)** Section 1.10(c) of S.L. 2011-401 reads as rewritten:

8           "SECTION 1.10.(c) The Department of Commerce, Division of Employment Security,  
9 shall adopt all existing rules and regulations in accordance with Article 2A of Chapter 150B of  
10 the General Statutes. Any existing rule that has not been readopted by ~~December 31, 2012,~~  
11 December 31, 2014, shall expire."

12           **SECTION 3.13.(b)** The Department of Commerce, Division of Employment  
13 Security, shall report to the Joint Legislative Oversight Committee on Unemployment  
14 Insurance on its progress towards the adoption of rules, as required by subsection (a) of this  
15 section, on or before September 3, 2014.

16           **SECTION 3.13.(c)** G.S. 120-70.156 reads as rewritten:

17 **"§ 120-70.156. Purpose and powers of Committee.**

18           (a) Purpose. – The Joint Legislative Oversight Committee on Unemployment Insurance  
19 is directed to study and review all unemployment insurance matters, workforce development  
20 programs, and reemployment assistance efforts of the State. The following duties and powers,  
21 which are enumerated by way of illustration, shall be liberally construed to provide maximum  
22 review by the Committee of these matters:

- 23           (1) Study the unemployment insurance laws of North Carolina and the  
24 administration of those laws.  
25           (2) Review the State's unemployment insurance laws to determine which laws  
26 need clarification, technical amendment, repeal, or other change to make the  
27 laws concise, intelligible, and easy to administer.  
28           (3) Monitor the payment of the debt owed by the Unemployment Trust Fund to  
29 the federal government.  
30           (4) Review and determine the adequacy of the balances in the Unemployment  
31 Trust Fund and the Unemployment Insurance Reserve Fund.  
32           (5) Study the workforce development programs and reemployment assistance  
33 efforts of the Division of Workforce Solutions of the Department of  
34 Commerce.  
35           (6) Call upon the Department of Commerce to cooperate with it in the study of  
36 the unemployment insurance laws and the workforce development efforts of  
37 the State.  
38           (7) Review rules adopted by the Division of Employment Security of the  
39 Department of Commerce and recommend statutory policies and procedures,  
40 if necessary, to ensure the Division is operating in conformity with the  
41 provisions of Chapter 96 of the General Statutes and in compliance with  
42 federal laws and regulations and written guidance promulgated and issued by  
43 the U.S. Department of Labor.

44           (b) The Committee may report its findings and recommendations to any regular session  
45 of the General Assembly. A report to the General Assembly may contain any legislation needed  
46 to implement a recommendation of the Committee."

47           **SECTION 3.13.(d)** Section 3.13(a) becomes effective December 31, 2012. The  
48 remainder of this section is effective when it becomes law.

49  
50 **BUILDING CODE ALTERNATE APPROVAL METHODS STUDY**

1           **SECTION 3.14.** The North Carolina Building Code Council (Council) shall study  
2 procedures and policies for the approval of alternative materials, designs, or methods. The  
3 study shall address at least the following elements:

- 4           (1) Required content for initial applications and supporting information to  
5 initiate and complete the approval process and to include specific project  
6 applications for the specific installation in question.
- 7           (2) Time lines for the full application process, including initial application  
8 submissions, Council review of applications and supporting information, and  
9 final Council approval or denial of submitted applications. Time lines shall  
10 allow for final determinations to be rendered on completed applications  
11 within 30 days of the date of submission of a completed application.
- 12           (3) Procedures for appeal of Council denials of applications.

13           In conducting the study, the Council may utilize support services of staff from the  
14 Engineering Division of the Department of Insurance. The Council shall report its findings and  
15 recommendations, including any proposed legislative changes, to the 2015 General Assembly  
16 on or before January 20, 2015.

## 17 18 **CLARIFY OFFICIAL MISCONDUCT FOR CODE OFFICIALS**

19           **SECTION 3.15.(a)** G.S. 143-151.8 reads as rewritten:

### 20 **"§ 143-151.8. Definitions.**

21           ...

22           (c) For purposes of this Article, "willful misconduct, gross negligence, or gross  
23 incompetence," in addition to the meaning of those terms under other provisions of the General  
24 Statutes or at common law, shall include any of the following:

- 25           (1) The enforcement of a Code requirement applicable to a certain area or set of  
26 circumstances in other areas or circumstances not specified in the  
27 requirement.
- 28           (2) For an alternative design or construction method that has been appealed  
29 under G.S. 143-140.1 and found by the Department of Insurance to comply  
30 with the Code, to refuse to accept the decision by the Department to allow  
31 that alternative design or construction method under the conditions or  
32 circumstances set forth in the Department's decision for that appeal.
- 33           (3) For an alternative construction method currently included in the Building  
34 Code, to refuse to allow the alternative method under the conditions or  
35 circumstances set forth in the Code for that alternative method.
- 36           (4) The enforcement of a requirement when the Code-enforcement official has  
37 actual knowledge that the requirement is more stringent than or otherwise  
38 exceeds the Code requirement."

39           **SECTION 3.15.(b)** The North Carolina Code Officials Qualification Board shall,  
40 no later than October 1, 2014, notify all Code enforcement officials in the State of the  
41 clarification to the grounds for disciplinary action enacted by this section.

## 42 43 **ENFORCE MUNICIPAL FLOODPLAIN ORDINANCE IN ETJ**

44           **SECTION 3.16.** G.S. 160A-360(k) reads as rewritten:

45           (k) As used in this subsection, "bona fide farm purposes" is as described in  
46 G.S. 153A-340. As used in this subsection, "property" means a single tract of property or an  
47 identifiable portion of a single tract. Property that is located in the geographic area of a  
48 municipality's extraterritorial jurisdiction and that is used for bona fide farm purposes is exempt  
49 from exercise of the municipality's extraterritorial jurisdiction under this Article. Property that  
50 is located in the geographic area of a municipality's extraterritorial jurisdiction and that ceases  
51 to be used for bona fide farm purposes shall become subject to exercise of the municipality's

1 extraterritorial jurisdiction under this Article. For purposes of complying with 44 C.F.R. Part  
2 60, Subpart A, property that is exempt from the exercise of extraterritorial jurisdiction pursuant  
3 to this subsection shall be subject to the county's floodplain ordinance or all floodplain  
4 regulation provisions of the county's unified development ordinance."

5  
6 **CLARIFY WHEN A COUNTY OR MUNICIPALITY MAY ENACT ZONING**  
7 **ORDINANCES RELATED TO DESIGN AND AESTHETIC CONTROLS**

8 **SECTION 3.17.(a)** G.S. 160A-381 is amended by adding new subsections to read:

9 "(g) Any zoning and development regulation ordinance relating to building design  
10 elements adopted under this Part, under Part 2 of this Article, or under any recommendation  
11 made under G.S. 160A-452(6)c. may not be applied to any structures subject to regulation  
12 under the North Carolina Residential Code for One- and Two-Family Dwellings except under  
13 one or more of the following circumstances:

- 14 (1) The structures are located in an area designated as a local historic district  
15 pursuant to Part 3C of Article 19 of Chapter 160A of the General Statutes.
- 16 (2) The structures are located in an area designated as a historic district on the  
17 National Register of Historic Places.
- 18 (3) The structures are individually designated as local, State, or national historic  
19 landmarks.
- 20 (4) The regulations are directly and substantially related to the requirements of  
21 applicable safety codes adopted under G.S. 143-138.
- 22 (5) Where the regulations are applied to manufactured housing in a manner  
23 consistent with G.S. 160A-383.1 and federal law.
- 24 (6) Where the regulations are adopted as a condition of participation in the  
25 National Flood Insurance Program.

26 Regulations prohibited by this subsection may not be applied, directly or indirectly, in any  
27 zoning district, special use district, conditional use district, or conditional district unless  
28 voluntarily consented to by the owners of all the property to which those regulations may be  
29 applied as part of and in the course of the process of seeking and obtaining a zoning  
30 amendment or a zoning, subdivision, or development approval, nor may any such regulations  
31 be applied indirectly as part of a review pursuant to G.S. 160A-383 of any proposed zoning  
32 amendment for consistency with an adopted comprehensive plan or other applicable officially  
33 adopted plan. For the purposes of this subsection, the phrase "building design elements" means  
34 exterior building color; type or style of exterior cladding material; style or materials of roof  
35 structures or porches; exterior nonstructural architectural ornamentation; location or  
36 architectural styling of windows and doors, including garage doors; the number and types of  
37 rooms; and the interior layout of rooms. The phrase "building design elements" does not  
38 include any of the following: (i) the height, bulk, orientation, or location of a structure on a  
39 zoning lot; (ii) the use of buffering or screening to minimize visual impacts, to mitigate the  
40 impacts of light and noise, or to protect the privacy of neighbors; or (iii) regulations adopted  
41 pursuant to this Article governing the permitted uses of land or structures subject to the North  
42 Carolina Residential Code for One- and Two-Family Dwellings.

43 (h) Nothing in subsection (g) of this section shall affect the validity or enforceability of  
44 private covenants or other contractual agreements among property owners relating to building  
45 design elements."

46 **SECTION 3.17.(b)** G.S. 153A-340 is amended by adding new subsections to read:

47 "(k) Any zoning and development regulation ordinance relating to building design  
48 elements adopted under this Part, under Part 2 of this Article, or under any recommendation  
49 made under G.S. 160A-452(6)c. may not be applied to any structures subject to regulation  
50 under the North Carolina Residential Code for One- and Two-Family Dwellings except under  
51 one or more of the following circumstances:

- 1           (1)    The structures are located in an area designated as a local historic district  
 2           pursuant to Part 3C of Article 19 of Chapter 160A of the General Statutes.  
 3           (2)    The structures are located in an area designated as a historic district on the  
 4           National Register of Historic Places.  
 5           (3)    The structures are individually designated as local, State, or national historic  
 6           landmarks.  
 7           (4)    The regulations are directly and substantially related to the requirements of  
 8           applicable safety codes adopted under G.S. 143-138.  
 9           (5)    Where the regulations are applied to manufactured housing in a manner  
 10          consistent with G.S. 153A-341.1 and federal law.  
 11          (6)    Where the regulations are adopted as a condition of participation in the  
 12          National Flood Insurance Program.

13 Regulations prohibited by this subsection may not be applied, directly or indirectly, in any  
 14 zoning district, special use district, conditional use district, or conditional district unless  
 15 voluntarily consented to by the owners of all the property to which those regulations may be  
 16 applied as part of and in the course of the process of seeking and obtaining a zoning  
 17 amendment or a zoning, subdivision, or development approval, nor may any such regulations  
 18 be applied indirectly as part of a review pursuant to G.S. 153A-341 of any proposed zoning  
 19 amendment for consistency with an adopted comprehensive plan or other applicable officially  
 20 adopted plan. For the purposes of this subsection, the phrase "building design elements" means  
 21 exterior building color; type or style of exterior cladding material; style or materials of roof  
 22 structures or porches; exterior nonstructural architectural ornamentation; location or  
 23 architectural styling of windows and doors, including garage doors; the number and types of  
 24 rooms; and the interior layout of rooms. The phrase "building design elements" does not  
 25 include any of the following: (i) the height, bulk, orientation, or location of a structure on a  
 26 zoning lot; (ii) the use of buffering or screening to minimize visual impacts, to mitigate the  
 27 impacts of light and noise, or to protect the privacy of neighbors; or (iii) regulations adopted  
 28 pursuant to this Article governing the permitted uses of land or structures subject to the North  
 29 Carolina Residential Code for One- and Two-Family Dwellings.

30        (1)    Nothing in subsection (k) of this section shall affect the validity or enforceability of  
 31 private covenants or other contractual agreements among property owners relating to building  
 32 design elements."

33           **SECTION 3.17.(c)** This section is effective when it becomes law. This section  
 34 clarifies and restates the intent of existing law and applies to ordinances adopted before, on,  
 35 and after the effective date.

### 37 **PERMANENT LICENSE PLATES FOR CHARTER SCHOOLS**

38           **SECTION 3.20.** G.S. 20-84(b) is amended by adding a new subdivision to read:

39        "(b)    Permanent Registration Plates. – The Division may issue permanent plates for the  
 40 following motor vehicles:

- 41            ...  
 42           (3a)   A motor vehicle that is owned and exclusively operated by a nonprofit  
 43           corporation authorized under G.S. 115C-238.29D to operate a charter school  
 44           and identified by a permanent decal or painted marking disclosing the name  
 45           of the nonprofit organization.

46            ...."

### 48 **PART IV. SEVERABILITY CLAUSE AND EFFECTIVE DATE**

49           **SECTION 4.1.** If any section or provision of this act is declared unconstitutional or  
 50 invalid by the courts, it does not affect the validity of this act as a whole or any part other than  
 51 the part declared to be unconstitutional or invalid.

1                   **SECTION 4.2.** Except as otherwise provided, this act is effective when it becomes  
2 law.