

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023

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HOUSE BILL 893  
PROPOSED COMMITTEE SUBSTITUTE H893-PCS10485-SVf-29

Short Title: Private Commercial Building Inspection.

(Public)

Sponsors:

Referred to:

April 26, 2023

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

5 The General Assembly of North Carolina enacts:

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

7 "§ 143-151.8. Definitions.

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

9 ...

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

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

21 ...."

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

23 "§ 143-151.12. Powers.

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

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

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

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

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



\* H 8 9 3 - P C S 1 0 4 8 5 - S V F - 2 9 \*

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

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

36   "**§ 143-151.14. Comity.**

37    ...

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

44    ...

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

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

5 ...."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10   **"§ 143-151.15. Return of certificate to Board; reissuance by Board.**

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

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

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

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

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

28   **"§ 143-151.16. Certification fees; renewal of certificates; examination fees.**

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

- 32           (1)    For certification as a qualified Code-enforcement official, twenty dollars  
33                    (\$20.00).
- 34           (2)    For certification as a private commercial inspector, two hundred dollars  
35                    (\$200.00).

36           (b)    A certificate, other than a probationary certificate, as a qualified Code-enforcement  
37 official or as a private commercial inspector issued pursuant to the provisions of this Article must  
38 be renewed annually on or before the first day of July. Each application for renewal must be  
39 accompanied by a renewal fee to be determined by the Board, but not to exceed ~~ten dollars~~  
40 ~~(\$10.00).~~ the amounts set out below. The Board is authorized to charge an extra four dollar  
41 (\$4.00) per day late renewal fee for renewals made after the first day of July each year. The  
42 maximum renewal application fees are:

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

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

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

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

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

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

19 ...

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

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

31 ...

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

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

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

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

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

46 "**§ 143-151.19. Administration.**

47 ...

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 ...

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

19 ...

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

29 ...."

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

31 "**§ 160D-1101. Definitions.**

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

34 ...

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

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

39 ...."

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (1) A payment bond or surety bond issued by one or more surety companies  
4 legally authorized to do business in this State.

5 (2) A letter of credit issued by a financial institution licensed to do business in  
6 this State.

7 (3) An insurance policy approved by the Commissioner of Insurance providing a  
8 payment guarantee.

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

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

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

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

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

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

26 (1) Inspection reports required under G.S. 160D-1105.1(a) that are specific to the  
27 type of inspection being conducted.

28 (2) Notice of intent to use a private commercial inspector that contains the  
29 information required under G.S. 160D-1110(c1).

30 (3) Certificate of compliance with the State Building Code under  
31 G.S. 160D-1116.

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

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

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

36 ...

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

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

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

44 ...

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

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

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

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

19 ...."

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

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

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

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

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

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

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

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

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

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

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

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

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

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