



# SENATE BILL 770: NC Farm Act of 2016.

**This Bill Analysis  
reflects the  
contents of the bill  
as it was presented  
in committee.**

2016-2017 General Assembly

<b>Committee:</b>	Senate Finance	<b>Date:</b>	June 15, 2016
<b>Introduced by:</b>	Sens. B. Jackson, Brock, Cook	<b>Prepared by:</b>	Chris Saunders Staff Attorney
<b>Analysis of:</b>	PCS to Third Edition S770-CSTQxf-41		

**SUMMARY:** *The Proposed Committee Substitute (PCS) to Senate Bill 770 would make various changes to agricultural, wildlife, taxation, and Building Code laws. The Finance-related provisions in the PCS are Sections 10 and 11.*

*The PCS would make the following changes from the Third Edition:*

- In Section 9, clarifies that the exception removing chorionic gonadotropin from the list of Schedule III controlled substances applies when administered for veterinary use by a licensed veterinarian or the veterinarian's designated agent, rather than in the presence of a licensed veterinarian.*
- In Section 12, eliminates a proposed reporting requirement for agricultural water users exempted from permitting requirements in capacity use areas.*
- In Section 13, clarifies that a building permit is not required for certain work costing less than \$15,000 provided that the work is performed in accordance with the current edition of the North Carolina State Building Code.*
- In Section 16, makes automatic renewal notification requirements applicable to contracts exceeding 60 days, rather than 30 days.*
- In Section 17, removes a requirement that the local health department be solely responsible for inspecting water piping and electrical wiring installed between a well and a water tank in a single ditch.*
- Removes a provision that would have waived or prorated deferred taxes when property under present use valuation (PUV) is transferred for less than its true value to a nonprofit entity for conservation or historical preservation.*
- Removes a provision that would have decreased the average gross income requirement exemption from sales and use tax for certain tangible personal property, digital property, and services purchased by a qualifying farmer for farming purposes from \$10,000 to \$5,000.*

[As introduced, this bill was identical to H993, as introduced by Reps. Brody, Dixon, Langdon, Steinburg, which is currently in House Agriculture.]

### CURRENT LAW AND BILL ANALYSIS:

**Section 1** of the PCS would grant the Department of Agriculture and Consumer Services (DACS) several new powers to enforce the DACS bedding sanitation program. This section would grant DACS the authority to detain or embargo bedding products suspected of being adulterated or misbranded, and

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allow DACS to petition for the products to be condemned. This section would also authorize the Commissioner of Agriculture (Commissioner) to petition the superior court for an injunction and assess a civil penalty of not more than \$2,500 against a person in violation of the bedding laws. This section would also make a violation of the bedding laws a Class 2 misdemeanor.

This section would become effective December 1, 2016, and would apply to offenses committed on or after that date.

**Section 2** would authorize DACS to appoint and deploy agricultural emergency response teams (AERTs) to respond to agricultural emergencies. AERTs would be employees of DACS and personnel operating with DACS as a contracted service, whom the Commissioner designates to respond to agricultural emergencies. AERTs would have the same immunity from liability in responding to agricultural emergencies as other emergency response agencies covered by the North Carolina Emergency Management Act. DACS would be authorized to use any unrestricted funds available to it that have been allocated by the General Assembly from the General Fund.

**Section 3** would authorize employees of the Wildlife Resources Commission and employees of federal agencies whose responsibilities include fisheries and wildlife management, such as the Animal and Plant Health Inspection Service of the United States Department of Agriculture (USDA-APHIS), to cull feral swine from aircraft with the written permission of the landowner. This activity would be prohibited in coastal counties during waterfowl season.

**Section 4** would eliminate the rendering plant inspection committee, which is composed of an employee of DACS, an employee of the Department of Health and Human Services, and a person having practical knowledge of rendering operations, and direct the Commissioner or the Commissioner's designee to inspect rendering operations.

**Section 5** would require that both elected and appointed soil and water district supervisors annually receive six hours of training in soil, water, and natural resources conservation and the duties and responsibilities of district supervisors.

**Section 6** would direct the Board of Agriculture, rather than the Animal Welfare Section of DACS, to adopt rules detailing eligible expenses and application guidelines for the Animal Shelter Support Fund ("Fund"). The Animal Welfare Section does not have rulemaking authority. This section would also give the Board of Agriculture temporary rulemaking authority to administer the Fund.

**Section 7** would exempt the Board of Agriculture from the rulemaking requirements of the Administrative Procedure Act with respect to the adoption of fee schedules for the preparation of forest management plans by the North Carolina Forest Service.

**Section 8** would allow local school boards to develop and implement policies to facilitate and maximize purchases of food grown or raised in North Carolina, including policies that allow a percentage price preference for the purpose of procuring food grown or manufactured within the State. The federal Food, Conservation, and Energy Act of 2008 authorized institutions receiving funds under the Richard B. Russell National School Lunch Act and the Child Nutrition Act of 1966 to use a geographic preference for procurement of local unprocessed agricultural products (Public Law No. 110-234, Section 4302).

**Section 9** would create an exemption for chorionic gonadotropin from the list of Schedule III controlled substances when administered by injection for veterinary use by a licensed veterinarian or the veterinarian's designated agent.

**Section 10** would extend the sunset for the production credit for commercial facilities for processing renewable fuel from January 1, 2017 to January 1, 2020.

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**Section 11** would create a voluntary assessment on farmed cervid feed to be administered by the North Carolina Deer and Elk Farmers Association ("Association"), not to exceed four dollars (\$4.00) per ton of farmed cervid feed. The assessment may not be levied for a period longer than ten years. All funds paid into the assessment are refundable upon written request to the Association.

**Section 12** would exempt water withdrawals for agricultural purposes on a bona fide farm or a silviculture operation from capacity use area water withdrawal permitting requirements.

**Section 13** would provide that no permit is required to conduct any construction, installation, repair, replacement, or alteration activities costing \$15,000 or less in residential and farm structures if the work is performed in accordance with the current edition of the North Carolina State Building Code and involves:

- Replacements of windows; doors; exterior siding; or pickets, railings, stair treads, and decking of porches and exterior decks.
- Plumbing replacements that do not change size or capacity.
- Replacement of roofing.

This section would further provide that no permit is required for:

- Replacement of water heaters in one- or two-family dwellings, if (1) the energy use or thermal input does not exceed that of the water heater being replaced and there is no change in fuel, energy source, location, capacity, or routing or sizing of venting and piping, and (2) the work is performed by a person licensed by the State Board of Examiners of Plumbing, Heating, and Fire Sprinkler Contractors.
- Repair or replacement of dishwashers, disposals, electrical devices, or lighting fixtures in residential or commercial structures, if (1) the repair or replacement does not require addition or relocation of additional electrical wiring, and (2) the work is performed by a person licensed by the State Board of Examiners of Electrical Contractors.

This section would also provide that no permit is required, either under the State Building Code or any local variant, for routine maintenance of fuel dispensing pumps and other dispensing devices.

This section would become effective October 1, 2016.

**Section 14** would exempt any activity that constitutes a bona fide farm use, including the production of mulch, ornamental plants, sod, and other horticultural products from the Sedimentation Pollution Control Act.

**Section 15** would modify the eligibility requirements for the Expanded Gas Products Service to Agriculture Fund by providing that an eligible project is a project for an agricultural operation or agricultural processing facility that requests natural gas or propane gas service. Under current law, an eligible project must expand the agricultural or processing capabilities of the facility.

**Section 16** would make an automatic contract renewal for the sale, lease of products or services for a term exceeding 60 days void and unenforceable unless the consumer is given written notice that the contract will automatically renew if the consumer does not cancel it, and would require the notice to be given no sooner than 30 days and no later than 15 days before the renewal. This section would (i) limit the notice requirement to automatic renewals for periods exceeding 60 days, (ii) provide for notice by personal delivery, electronic mail or first-class mail, and (iii) exclude entities regulated by the Federal Communications Commission under federal law, by the N.C. Utilities Commission under State law, or doing business under authorization issued by a political subdivision of the State or any agency thereof.

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These exclusions would be in addition to entities excluded under current law, including insurers licensed under Chapter 58 of the General Statutes, banks, trust companies, savings and loan associations, savings banks, and credit unions licensed or organized under the laws of any state or the United States, and any foreign bank maintaining a branch or agency licensed under the laws of the United States, or any subsidiary or affiliate thereof.

This section would become effective when it becomes law, and would apply to contracts entered into on or after that date.

**Section 17** would authorize certified well contractors to install both water pipes and electrical wiring in a single ditch when running electrical wires from the well pump to the pressure switch and water pipes from the well to the water tank. The ditch must be as deep as the deepest applicable minimum cover requirement for the electrical wiring or water pipes. This section would also direct the Building Code Council to amend the State Electrical Code and the State Plumbing Code consistent with this section.

This section would become effective October 1, 2016.

**Section 18** contains a severability clause.

**EFFECTIVE DATE:** Except as otherwise provided, this act would become effective when it becomes law.