



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

# HOUSE BILL 553: Licensing Certain Fire Safety Equip. Work.

2019-2020 General Assembly

<b>Committee:</b>	House Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House	<b>Date:</b>	June 5, 2019
<b>Introduced by:</b>	Reps. Strickland, Barnes, Corbin, Hardister	<b>Prepared by:</b>	Trina Griffin and Jeremy Ray
<b>Analysis of:</b>	PCS to Second Edition H553-CSSVf-20		Staff Attorneys

**OVERVIEW:** *The Proposed Committee Substitute for House Bill 553 would authorize the North Carolina Commissioner of Insurance (Commissioner) to license and regulate the installation of fire suppression systems and portable fire extinguishers.*

**CURRENT LAW:** The North Carolina Fire Prevention Code requires that fire suppression equipment be regularly serviced and maintained and, by incorporation of reference to National Fire Protection Association (NFPA)<sup>1</sup> standards, generally requires that companies and technicians performing the work be adequately trained to perform the work. However, North Carolina does not currently regulate the installation, repair, or servicing of fire protection equipment or require the licensing of businesses or individuals that engage in this activity. Georgia, South Carolina, and Tennessee have a licensing framework for this industry. This bill is modeled after Georgia's program.

**BILL ANALYSIS:** The PCS to House Bill 553 would create a new Article 82B in Chapter 58 of the General Statutes authorizing the Commissioner of Insurance, through the Office of the State Fire Marshal, to license and regulate the installation, inspection, recharging, repairing, servicing, or testing of fire suppression systems and portable fire extinguishers. Under this Article, a firm or person would not be allowed to install, inspect, repair, service, or test, a fire suppression system or portable fire extinguisher, unless the firm or person is first licensed or permitted, or specifically exempted to do so.

For purposes of the Article, a fire suppression system is defined as a firefighting system employing a suppression agent with the purpose of controlling, suppressing, or extinguishing a fire in a specific hazard. A portable fire extinguisher is defined as a portable device containing an extinguishing agent that can be expelled under pressure for the purpose of suppressing or extinguishing a fire.

Specifically, the PCS does the following:

**Department of Insurance Authority.** – Directs and/or authorizes the Commissioner to do the following:

- **Administration & Rulemaking Authority.** – Administer the provisions of the Article and adopt rules related to the proper installation, inspection, recharging, repairing, servicing, or testing, of fire suppression systems and portable fire extinguishers. This includes defining specifications for service tags attached to fire suppression systems and portable fire extinguishers, adoption of National Fire Protection Association standards where appropriate, establishing rules for the

<sup>1</sup> The NFPA is a trade association that creates and maintains private standards and codes for usage and adoption by State and local governments and requires the certification of technicians.

Karen Cochrane-Brown  
Director



Legislative Analysis  
Division  
919-733-2578

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examination of an applicant for a license or permit, if one is required, and adopting temporary rules to implement the Article until permanent rules to replace them become effective.

- **Cease and Desist Orders.** – Issue cease and desist orders to any firm or person the Commissioner believes is violating the Article. The subject of the order would have an opportunity for hearing, if requested within 30 days of receipt of the order.
- **Civil Penalties.** – Impose civil penalties and bring a civil action seeking an injunction to enjoin violations of the Article. The penalties would be as follows:
  - For first offenses.....Up to \$1,000
  - For second offenses.....\$1,000-\$2,000
  - For third or subsequent offenses.....\$2,000-\$5,000

**Licensing & Permitting Requirements.** – Requires firms to be *licensed* and persons to be *permitted* in order to install, inspect, repair, recharge, service, or test, a fire suppression system or a portable fire extinguisher. A person would be required to obtain a permit for each type of fire suppression system or device for which the applicant is certified. Therefore, a permittee could be issued up to 4 permits under this bill. Licenses and permits would be valid January 1 through December 31 of each year and would require annual renewal.

The PCS sets out the prerequisites for obtaining a license or permit, which include submitting a completed application, having not committed an act that is grounds for denial, possessing the appropriate equipment to perform work and carrying liability insurance with coverage of \$1,000,000 (licensee applicants only), paying the required fees, and passing an examination, if one is required.

**Exemptions.** – Contains the following exemptions:

- License and permit requirements would *not* apply to a fire chief, fire marshal, fire inspector, or insurance company inspector for visual inspections, or, an alarm system contractor, electrical contractor, or fire sprinkler contractor while performing activities governed by the licensure requirements of those occupational licenses.
- Permit requirements would not apply to a person that makes minor repairs, visual inspections, recharges, services, or tests, a fire suppression system or portable fire extinguisher owned and already installed on property controlled by a firm or governmental entity for whom that person is employed, provided, that firm or governmental entity complies with the licensing requirements of the Article.

**Fees.** – Authorizes the Commissioner to charge the following license and permit fees:

Issuance of license.....	\$375.00
License renewal.....	\$225.00
Issuance of Permit	
Portable fire extinguisher certification fee.....	\$285.00
Pre engineered kitchen fire suppression system certification fee.....	\$285.00
Pre engineered industrial fire suppression system certification fee.....	\$285.00
Engineered special hazard fire suppression system certification fee.....	\$285.00
Permit renewal	
Portable fire extinguisher certification renewal fee.....	\$175.00
Pre engineered kitchen fire suppression system certification renewal fee.....	\$175.00
Pre engineered industrial fire suppression system certification renewal fee.....	\$175.00

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Engineered special hazard fire suppression system certification renewal fee.....\$175.00

**Other Requirements.** – Requires permittees to attach certain tags when installing, inspecting, recharging, repairing, serving, or testing a fire suppression system or portable fire extinguisher. Licensees and permittees would also be required to produce a valid license or permit upon demand by the Commissioner, local authority having jurisdiction, or any person whom that licensee or permittee solicits to perform work for under the license or permit. Permittees would be additionally required to have a valid permit on their person at all times while engaging in activities related to the permit.

**Sanctions.** – Enumerates the grounds for denial, suspension, probation, revocation, or nonrenewal of a license or permit. These grounds include performing work without a license or permit, improper work on systems, rendering a system inoperative for unauthorized purposes, fraud, failure to maintain liability insurance (licensees only), failure to notify of a change in application information, cheating on an examination, conviction of crimes, and other enumerated grounds.

A license or permit holder who is sanctioned would be done so in accordance with the provisions of Chapter 150B of the General Statutes. The Commissioner would be required to notify the applicant of the reasons for denial of an application within 30 days, and an applicant would have 30 days to make a written demand to request a review following denial. The outcome of the review must be given no later than 120 days after receipt by the Commissioner. An applicant who disagrees with the outcome would then have 30 days to request a hearing pursuant to the provisions found in Chapter 150B of the General Statutes.

**New Criminal Penalty.** – Creates a Class 1 misdemeanor criminal penalty for certain willful and intentional violations. A person may be charged with a Class 1 misdemeanor for the following: obliterating a serial number of a fire suppression system or portable fire extinguisher, improperly working on a system, using or allowing the use of another's license or permit, using a credential to impersonate an official, engaging in regulated activities except in conformity with the provisions of the Article, and failing to comply with a cease and desist order.

**Reporting Requirement.** – Requires the Department of Insurance to report to the Joint Legislative Administrative Procedure Oversight Committee no later than October 1, 2020, with information on licenses and permits issued, issues relevant to Article 82B, and recommendations as to whether fees need to be adjusted to ensure that continued administration of the Article is receipt-supported.

**EFFECTIVE DATE:** This act would become effective January 1, 2020.