



SENATE BILL 316: Gen. Contractors/Plumbing/Electr. Exempt.

2021-2022 General Assembly

Committee: House Local Government - Land Use, Planning and Development. If favorable, refer to Regulatory Reform. If favorable, refer to Rules, Calendar, and Operations of the House **Date:** August 19, 2021

Introduced by: Sens. Jarvis, Johnson, Britt **Prepared by:** Howard Marsilio
Analysis of: Third Edition **Staff Attorney**

OVERVIEW: *Senate Bill 316 would expand a general contractor licensure exception currently limited to public building projects, for licensees under Plumbing and Heating Contractor and Electrical Contractor regulations, to apply to any building project when certain requirements are met.*

CURRENT LAW: Article 1 of Chapter 87 regulates general contractors. Generally, a general contractor is defined to mean any person who undertakes to bid upon or to construct, or who undertakes to superintend or manage, the construction of any building, highway, public utilities, grading or any improvement or structure where the cost of the under taking is \$30,000 or more, or under takes to erect a North Carolina labeled manufactured modular building meeting the North Carolina State Building Code.

Within Chapter 87, Article 2 regulates Plumbing and Heating Contractors and Article 4 regulates Electrical Contractors. Generally, licensure is required as outlined within those laws and regulations.

G.S. 87-1.1 exempts certain trade licensees from general contractor licensure requirements when that licensee is bidding and contracting directly with the owner of a public building project and if:

- A licensed general contractor performs all work that falls within G.S. 87-10(b) and State Licensing Board of General Contractor's rules.
- The total amount of the general contracting work does not exceed a percentage (currently 25% of the total bid price, *see* 21 NCAC 12A .0210 PUBLIC BUILDING PROJECTS) of the total bid price as prescribed by administrative rule.
- All work that falls within Article 2 or Article 4 is performed by a licensee under those Articles.

When a public project meets these conditions: heating and plumbing contractors and electrical contractors are exempt from general contractor licensing requirements; plumbing and heating contractors from electrical contractor licensing requirements; and vice versa.

BILL ANALYSIS: Section 1 would expand these exceptions which are currently limited to public building projects to any building projects.

Section 2 would allow rules to be adopted to implement the provisions of the bill.

EFFECTIVE DATE: This act would become effective October 1, 2021.

Jeremy Ray, Legislative Analysis Division, substantially contributed to this summary.

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