



HOUSE BILL 893: Private Commercial Building Inspection.

2023-2024 General Assembly

Committee: House Local Government - Land Use, Planning and Development. If favorable, re-refer to Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House **Date:** May 17, 2023

Introduced by: Reps. Brody, B. Jones, Pyrtle, Hardister **Prepared by:** Billy R. Godwin
Analysis of: First Edition **Staff Attorney**

OVERVIEW: *House Bill 893 would authorize the North Carolina Code Officials Qualification Board (Q-Board) to certify, register, and regulate private inspectors to conduct inspections of commercial buildings and structures for compliance with the State Building Code (Code) and to issue certificates of compliance with the Code.*

CURRENT LAW: Article 11 of Chapter 160D of the General Statutes imposes a duty on local governments to enforce State and local laws relating to the construction of buildings and other structures and the installation of plumbing, electrical, heating, refrigeration, and air-conditioning systems. This duty includes the making of any necessary inspections required by the Code and the issuance or denial of certificates of compliance with the Code. Once all work under a building permit is concluded, the local government inspector conducts a final inspection and, if the completed work complies with all applicable State and local laws and with the building permit, issues a certificate of compliance. Only inspectors certified by the Q-Board as qualified Code-enforcement officials under Article 9C of Chapter 143 of the General Statutes may conduct inspections for a local government and those inspectors must either be employed by or under contract with the local government.

BILL ANALYSIS: House Bill 893 would allow a person certified and registered by the Q-Board as a private commercial inspector (PCI) to conduct inspections of commercial buildings and structures for compliance with the Code and to issue certificates of compliance with the Code. In particular:

Section 1, effective July 1, 2024, would:

- Define private commercial inspection" and "private commercial inspector."
- Authorize the Q-Board to:
 - Certify and register persons as a qualified PCI in building inspections, electrical inspections, mechanical inspections, plumbing inspections, and fire inspections.
 - Require PCI applicants to pass an exam based on the Code and its administrative procedures.
 - Issue a PCI certificate to and exempt from the exam requirement:
 - A PCI certified by another state with equivalent standards.
 - A PCI certified by the International Code Council with equivalent standards.
 - Issue a Level I and Level II PCI certificate and exempt from the exam requirements:
 - Qualified Code-enforcement officials.
 - Licensed N.C. architects and engineers.
 - Issue a Level III PCI certificate to Qualified Code-enforcement officials, licensed N.C. architects and engineers who pass the exam.

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House Bill 893

Page 2

- Establish the continuing education and professional development requirements for PCIs and to adopt rules to implement those requirements.
- Charge a fee for PCI certification, renewal, and registration.
- Prohibit PCIs from inspecting any properties in which the inspector - or one with whom the inspector has a close familial, business, or associational relationship - has an ownership or direct financial interest in.
- Subject PCIs to the disciplinary provisions of the Q-Board and makes it a Class 1 misdemeanor to hold oneself out as a PCI without valid Q-Board certification.
- Require PCIs to register with the Q-Board and require the Q-Board to maintain a list of all registered PCIs on the Department of Insurance website.

Section 2, effective July 1, 2024, would:

- Require local governments to reimburse inspection fees paid by permit holders for any inspections conducted by PCIs.
- Relieve local governments from the duty to inspect commercial buildings and structures being inspected by PCIs.

Section 3, effective July 1, 2024, would:

- Prohibit local government ordinances prohibiting inspections by PCIs.
- Allow local governments to hire PCIs to conduct inspections for that local government.
- Allow a local government Code-enforcement official with a PCI certificate to conduct private commercial inspections outside that local government's jurisdiction.
- Require local governments to accept and approve a PCI's signed inspection report provided:
 - The inspection is limited to Code compliance.
 - The PCI submitting the report is designated on the building permit application or amendment.
 - The PCI conducting the inspection:
 - Is qualified to conduct that type of commercial inspection.
 - If different than the PCI submitting the inspection report, is employed by or under contract with, the PCI submitting the report.
 - A copy of the report is provided to the local government.
 - A payment or security bond, letter of credit, or insurance policy is executed in favor of the local government for 125% of the estimated cost to inspect the project..
 - The permit holder and PCI execute a written contract containing certain enumerated terms.
 - The inspection report is on a form developed by the Q-Board.
- Release local governments from any claim arising out of inspections performed by PCIs.
- Require local governments to conduct all final fire inspections.
- Require local governments, upon written request of permit holders, to assume responsibility for inspection of projects where PCIs cease inspecting.
- Provide that where PCIs are used:
 - Building permit applicants must attach a Notice of Intent to use a PCI to their permit application on the form developed by the Q-Board.
 - Local government building permit fees are reduced by 80% and the remaining 20% retained for local government administrative costs.
 - Local governments may only inspect to determine compliance with local government laws but must still conduct the final fire inspection.
- Allow permit holders using local government inspectors to utilize, for a given inspection, a PCIs upon giving 3 days' notice.

House Bill 893

Page 3

- Allow PCIs to issue certificates of compliance with the Code upon 60 days written notice to the local government with jurisdiction and require a copy be provided to the local government upon issuance.
- Provide that only local governments may issue certificates of occupancy.
- Allows local governments to issue a certificate of occupancy in reliance on the certificate of compliance with the Code issued by a PCI and discharges and releases that local government from liability for claims arising out of that certificate of compliance.

Section 4, effective when the bill becomes law, would require the Department of Insurance to adopt temporary rules to implement the act no later than 90 days after it becomes law provided however that those rules could not become effective until July 1, 2024.

EFFECTIVE DATE: As set forth above.