



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

HOUSE BILL 971: Hotel Operation and Personnel Education Act.

2023-2024 General Assembly

Committee:	House Judiciary 2. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	May 22, 2024
Introduced by:	Reps. Crutchfield, Reeder, Arp, Sasser	Prepared by:	Susan Sitze
Analysis of:	PCS to First Edition H971-CSCN-3		Michael Johnston Staff Attorneys

OVERVIEW: *The Proposed Committee Substitute (PCS) for House Bill 971 would do the following:*

- *Direct the Department of Health and Human Services to develop human trafficking awareness training.*
- *Require certain employees and third-party contractors of lodging establishments and vacation rentals to complete human trafficking awareness training.*
- *Increase the penalty for a first offense of soliciting another for prostitution.*
- *Appropriate five hundred thousand dollars to the Administrative Office of the Courts for awareness efforts and to further the work of the North Carolina Human Trafficking Commission.*

CURRENT LAW AND BILL ANALYSIS:

Section 1 would do the following:

- The Department of Health and Human Services would be directed to develop or identify a human trafficking awareness training course, in consultation with the North Carolina Human Trafficking Commission and the North Carolina Restaurant and Lodging Association.
- Lodging establishments would be required to:
 - Ensure that employees of the establishment who perform housekeeping services, provide food or beverage services, or perform check-in and check-out duties receive human trafficking awareness training.
 - Implement a procedure for reporting suspected human trafficking.
 - Display on the premises in a conspicuous place a sign containing information regarding the National Human Trafficking Resource hotline. The Department would consult with the North Carolina Restaurant and Lodging Association to develop public awareness signage language.
- Third-party contractors would be required to ensure that any employee of the third-party contractor who performs housekeeping services at the lodging establishment, provides food or beverage services on site at the lodging establishment, or provides check-in and check-out services at the lodging establishment complete human trafficking awareness training.

Jeffrey Hudson
Director



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- Employees of lodging establishments and third-party contractors that begin employment on or after January 1, 2025, would be required to complete the training before performing housekeeping services, food or beverage services, or check-in and check-out duties, and every two years thereafter. Persons employed prior to January 1, 2025, would be required to complete the training no later than December 31, 2026, and every two years thereafter.
- The Department could impose an administrative penalty against an individual who willfully and knowingly violates the requirements of this section in the amount of five hundred dollars (\$500.00) for a first violation, one thousand dollars (\$1,000) for a second violation, and two thousand dollars (\$2,000.00) for a third violation and each subsequent violation. The proceeds from these penalties would be remitted to the Civil Penalty and Forfeiture Fund.
- This section would not create a private cause of action against a lodging establishment or its employees or impair the rights or remedies otherwise available to a human trafficking victim.

Section 2 would do the following:

- Landlords of vacation rentals would be required to implement a procedure for reporting suspected human trafficking occurring at vacation rentals before listing a vacation rental.
- The following individuals would be required to complete human trafficking awareness training:
 - The landlord, or if the landlord is a partnership, corporation, sole proprietorship, or limited liability company, the employee or third-party contractor who oversees the supervision or maintenance of the vacation rental.
 - The landlord's employees, third-party contractors, and employees of third-party contractors who perform housekeeping services or provide check-in and check-out services for the vacation rental.
 - Any real estate broker and employee of the real estate broker that performs housekeeping services or provides check-in and check-out services for the vacation rental.
- For vacation rentals initially offered for lease on or after January 1, 2025, the landlord would be required to complete training prior to offering the vacation rental for lease, and the landlord's employees, third-party contractor or employee, or real estate broker or employee would be required to complete training before performing housekeeping services or check-in and check-out services, and every two years thereafter.
- For vacation rentals offered for lease before January 1, 2025, the landlord and all individuals employed or contracted by the landlord or real estate broker before January 1, 2025, would be required to complete the training no later than December 31, 2026, and every two years thereafter.
- If a vacation rental is listed through an accommodation facilitator, the accommodation facilitator would be required to do the following:
 - Notify the landlord or, if applicable, the real estate broker providing the listing, of the training requirements of this section.
 - For a vacation rental initially listed with the accommodation facilitator on or after January 1, 2025, the accommodation facilitator, before making the listing available, would have to require the landlord or real estate broker to certify that any training required by this section has been completed.

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- For a vacation rental listed with the accommodation facilitator before January 1, 2025, the accommodation facilitator would have to require the landlord or real estate broker to certify no later than December 31, 2026, that any training required by this section has been completed.
- The accommodation facilitator would be required to notify the Department no later than January 1, 2026, and annually thereafter, on the methods used to notify landlords and real estate brokers of the requirements of this section and to verify that the landlords and real estate brokers using their services are compliant with training requirements.
- The Department could impose an administrative penalty against an individual who willfully and knowingly violates these requirements in the amount of five hundred dollars (\$500.00) for a first violation, one thousand dollars (\$1,000) for a second violation, and two thousand dollars (\$2,000.00) for a third violation and each subsequent violation. The proceeds from these penalties would be remitted to the Civil Penalty and Forfeiture Fund.
- It would constitute an unfair trade practice under G.S. 75-1.1 for a vacation rental provider to intentionally make a material misstatement regarding completion of human trafficking awareness training.
- This section would not create a private cause of action against an accommodation facilitator or its employees or impair the rights or remedies otherwise available to a human trafficking victim.

Section 3 would direct the Department of Health and Human Services to develop or identify a training program in accordance with Sections 1 and 2 and make that training program available electronically no later than January 1, 2025.

Section 4 would increase the penalty for a first offense of soliciting another for the purpose of prostitution from a Class 1 misdemeanor to a Class I felony. The PCS would also establish that persons engaging in prostitution do not violate this subsection.

Section 5 would appropriate from the General Fund to the Administrative Office of the Courts five hundred thousand dollars (\$500,000) in nonrecurring funds for the 2024-2025 fiscal year to be used for an awareness campaign, awareness efforts, and to further the work of the North Carolina Human Trafficking Commission.

EFFECTIVE DATE: Sections 1 and 2 would be effective January 1, 2025. Section 3 would be effective when it becomes law. Section 4 would be effective December 1, 2024, and apply to offenses committed on or after that date. Section 5 would be effective July 1, 2024.