



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:	Senate Judiciary. If favorable, re-refer to Rules and Operations of the Senate	Date:	June 19, 2024
Introduced by:	Reps. Crutchfield, Reeder, Arp, Sasser	Prepared by:	Robert Ryan Michael Johnston Staff Attorneys
Analysis of:	Third Edition		

OVERVIEW: House Bill 971 would do the following:

- Direct the Department of Labor 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 four hundred fifty thousand dollars to the Administrative Office of the Courts for awareness efforts and to further the work of the North Carolina Human Trafficking Commission.
- Appropriate fifty thousand dollars to the Department of Labor to develop the training required by this act and to otherwise administer the provisions of this act.

CURRENT LAW AND BILL ANALYSIS:

Section 1 would do the following:

- The Department of Labor would be directed to develop or identify a human trafficking awareness training course, in consultation with the North Carolina Human Trafficking Commission, the North Carolina Restaurant and Lodging Association, and the Department of Health and Human Services.
- 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 of Labor 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

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services on site at the lodging establishment, or performs check-in and check-out duties at the lodging establishment complete human trafficking awareness training.

- Employees of lodging establishments and third-party contractors that begin employment on or after January 1, 2025, would be required to complete the training within 60 days of first providing services to the lodging establishment, 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 of Labor could impose an administrative penalty against any lodging establishment or third-party contractor 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 (\$1,000.00) 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:

- Property managers 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 property manager, or if the property manager is a partnership, corporation, sole proprietorship, or limited liability company, any employee or third-party contractor who oversees the listing, supervision, or maintenance of the vacation rental on behalf of the property manager.
 - The property manager'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.
- For vacation rentals initially offered for lease on or after January 1, 2025, the property manager would be required to complete training prior to offering the vacation rental for lease, and any employee of the property manager or third-party contractor or employee would be required to complete training within 60 days of first providing services for the vacation rental, and every two years thereafter.
- For vacation rentals initially offered for lease before January 1, 2025, the property manager and all individuals employed or contracted by the property manager 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 property manager 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 property manager to certify that any training required by this section has been completed.

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- For a vacation rental initially listed with the accommodation facilitator before January 1, 2025, the accommodation facilitator would have to require the property manager 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 of Labor no later than January 1, 2026, and annually thereafter, on the methods used to notify property managers of the requirements of this section and to require certification of their compliance with the requirements of this section.
- The Department of Labor could impose an administrative penalty against any property manager or third-party contractor who willfully and knowingly violates these requirements in the amount of five hundred dollars (\$500.00) for a first violation, one thousand dollars (\$1,000.00) 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 property manager 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 Labor 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 bill would also establish that persons engaging in prostitution do not violate this subsection.

Section 5.(a) would appropriate from the General Fund to the Administrative Office of the Courts four hundred fifty thousand dollars (\$450,000) 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.

Section 5.(b) would appropriate from the General Fund to the Department of Labor fifty thousand dollars (\$50,000) in nonrecurring funds for the 2024-2025 fiscal year to be used to develop or identify the training required by this act and to otherwise administer the provisions of this act.

EFFECTIVE DATE: Sections 1 and 2 would become effective January 1, 2025. Section 3 would become effective when it becomes law. Section 4 would become effective December 1, 2024, and apply to offenses committed on or after that date. Section 5 would become effective July 1, 2024. Except as otherwise provided, the remainder of this act would become effective when it becomes law.