



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

HOUSE BILL 661: Building Industry Efficiency Act of 2025.

2025-2026 General Assembly

Committee:	House Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	June 10, 2025
Introduced by:	Reps. Brody, Bell, Cunningham, Zenger	Prepared by:	Howard Marsilio
Analysis of:	PCS to Second Edition H661-CSBGf-14		Staff Attorney

OVERVIEW: *The Proposed Committee Substitute (PCS) to House Bill 661 would amend various laws that relate to construction and development, and more specifically would:*

- *Prohibit inspection departments from charging fees for certain inspection cancellations.*
- *Limit the imposition of construction standards for certain streets, require maintenance agreements for certain pedestrian and roadway improvements within ETJs, and amend the public street dedication abandonment process.*
- *Direct the responsible Code Councils to make certain amendments to the North Carolina State Building Code and make various technical Code reference corrections.*
- *Direct the North Carolina Building Code Council to clarify exemptions for in building emergency responder communication coverage requirements.*
- *Amend various laws that relate to: the State Board of Examiners of Plumbing, Heating, and Fire Sprinkler Contractors; the State Board of Examiners of Electrical Contractors; and the State Licensing Board for General Contractors.*
- *Exempt residential changeouts from inspection requirements when work is certified by the contractor, and authorize local governments to charge a fee for certification administration.*
- *Modify public pool laws to clarify certain private pool exemption, exempt public cold baths, and exempt flotation/sensory deprivation systems.*
- *Increase formal bidding project cost threshold for public contracts.*

The PCS specifically amends Edition 1 as follows: combines and clarifies Sections 1.4 and 1.5 (local government requirements for pedestrian and road improvements in ETJs); adds Section 2.3 (emergency responder communication requirements in certain structures); removes Section 3.1 (Plumbing/Heating Board fee cap increases); removes Section 3.3 (Electrical Contractor Board fee cap increases); rewrites Part IV (residential changeout inspection exemption and adds a fee for local government administration); removes Part V (Right to Repair Construction Defects Act); adds Section 5.2 (increase formal bidding threshold for public contracts); and makes various technical corrections.

Kara McCraw
Director



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CURRENT LAW/BILL ANALYSIS:

PART I. LOCAL DEVELOPMENT AND CONSTRUCTION REGULATION

PROHIBIT INSPECTION DEPARTMENTS FROM CHARGING FEES FOR CERTAIN INSPECTION CANCELLATIONS

Section 1.1: This section would prohibit local inspection departments from charging permit holders a fee or failing inspections of a building or structure subject to the North Carolina Residential Code, if the permit holder cancels the inspection with more than one business day's notice.

LIMIT DESIGN METHODOLOGY AND CONSTRUCTION STANDARDS FOR CERTAIN MUNICIPAL STREETS

Section 1.2: This section would prohibit municipalities from implementing design methodology and construction standards for new streets and highways to be accepted by a municipality, utilizing funds that are not wholly municipal funds, that are more stringent than design methodology and construction standards utilized by the North Carolina Department of Transportation.

This section would become effective January 1, 2026 and applies to projects initiated on or after that date.

LIMIT DESIGN METHODOLOGY AND CONSTRUCTION STANDARDS FOR CERTAIN PRIVATE STREETS

Section 1.3: This section would prohibit municipalities from implementing design methodology and construction standards for new streets designated as private, and intended to remain privately owned after construction, that are more stringent than design methodology and construction standards utilized by the North Carolina Department of Transportation. This section would also allow for design methodology and construction standards which do not meet Department standards if sealed by a licensed engineer and certain disclosures are made by the developer. Local governments would be discharged from liabilities for sealed engineered street designs.

This section would become effective January 1, 2026 and applies to projects initiated on or after that date.

LOCAL GOVERNMENT REQUIREMENTS FOR PEDESTRIAN FACILITIES AND ROADWAY IMPROVEMENTS IN EXTRATERRITORIAL JURISDICTION

Section 1.4: This section would require a local government that requires a developer to construct a pedestrian facility or road improvement to standards or with attributes which would preclude their acceptance by NCDOT to coordinate with the Department to enter into agreements for the local government to assume maintenance and repair responsibilities for portions of the improvement precluded from acceptance. This section applies to projects located within an ETJ.

This section would become effective January 1, 2026 and applies to projects initiated on or after that date.

AMEND PUBLIC STREET DEDICATION ABANDONMENT PROCESS

Section 1.5: Current law outlines the process to withdraw a dedication of land for public use as a road or for other purposes.

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This section would deem land that was dedicated to public use as a street by plat on December 22, 1978, but that has not been maintained as a local public street by a local governmental entity by January 1, 2025, withdrawn for public use and would specify that no person or governmental entity shall have any right or cause of action to enforce any public interest or easement in such land.

PART II. NORTH CAROLINA STATE BUILDING CODE

EXEMPT MODEL HOMES FROM FIRE PROTECTION WATER SUPPLY REQUIREMENT DURING CONSTRUCTION

Section 2.1: The North Carolina Building Code and North Carolina Fire Code require approved water supplies for fire protection availability as soon as combustible materials arrive on a job site.

This section would authorize a fire code official to reduce fire-flow requirements for an isolated model home at a subdivision project site where full fire flow requirements is impractical or pending. This section would also require the Building Code Council and Residential Code Council to make conforming changes to the Code, as applicable.

NORTH CAROLINA STATE BUILDING CODE VOLUME REFERENCE TECHNICAL CORRECTIONS

Section 2.2: This section would make various technical corrections to references to the North Carolina State Building Code, or its individual volumes, throughout the General Statutes.

DIRECT THE NORTH CAROLINA BUILDING CODE COUNCIL TO ADOPT RULES TO AMEND THE STATE BUILDING CODE AND STATE FIRE CODE TO CLARIFY EXEMPTIONS FROM IN BUILDING EMERGENCY RESPONDER COMMUNICATION COVERAGE REQUIREMENTS

Section 2.3: Section 510 of the North Carolina Fire Code, as amended by the North Carolina Building Code Council, sets forth the requirements for emergency responder communication coverage, and related systems, in new buildings, and the exceptions to those requirements.

This section would exempt the following types of buildings and structures, whether new or existing, from application of Section 510 requirements within the North Carolina Fire Code:

- R-2 apartment occupancies of Type V construction that meet the egress requirements of the North Carolina State Building Code.
- Apartment buildings and transient public lodging establishments, including hotels and motels, not exceeding two stories above grade plane and that provide direct exterior egress from each dwelling unit or guest room.

For existing systems, this section would also specify that removal of only active components of the exempt enhancement system shall be required, and systems that are monitored by a fire alarm system shall be properly disconnected to eliminate unnecessary supervisory signals.

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PART III. VARIOUS CONTRACTOR BOARDS

LIMITED EXEMPTION FOR PLUMBING AND HEATING CONTRACTOR BOARD INVESTIGATIVE RECORDS FROM PUBLIC RECORDS

Section 3.1: Article 2 of Chapter 87 of the General Statutes outlines the authority of the State Board of Examiners of Plumbing, Heating, and Fire Sprinkler Contractors.

This section would specify that certain investigative documents that relate to license applications or disciplinary actions are not public records, unless admitted in evidence in any hearing before the Board.

LIMITED EXEMPTION FOR ELECTRICAL CONTRACTOR BOARD INVESTIGATIVE RECORDS FROM PUBLIC RECORDS

Section 3.2: Article 4 of Chapter 87 of the General Statutes outlines the authority of the State Board of Examiners of Electrical Contractors.

This section would specify that certain investigative documents that relate to license applications or disciplinary actions are not public records, unless admitted in evidence in any hearing before the Board.

EXEMPT CERTAIN CONSTRUCTION TRADES FROM GENERAL CONTRACTOR LICENSURE REQUIREMENTS AND RELATED BUILDING PERMIT EXEMPTIONS

Section 3.3: Article 1 of Chapter 87 of the General Statutes outlines the authority of the State Licensing Board for General Contractors, and sets forth who is subject to regulation as a person engaging in the business of general contracting. Article 11 of Chapter 160D outlines the authority of local government to regulate various aspects of land development and construction, which includes the administration of building permits and related building inspections.

This section would exempt any person engaged in the business of providing floor covering services and painting services from general contracting licensure requirements and Board regulation. This section would also exempt floor covering services and painting services for buildings and structures subject to the North Carolina Residential Code from building permit requirements.

This section would become effective January 1, 2026.

REMOVE BOARD FOR GENERAL CONTRACTORS REQUIREMENT TO CREDIT THE NORTH CAROLINA ENGINEERING FOUNDATION

Section 3.4: This section would remove the requirement that any funds remaining in possession of the Board after yearly expenses are paid over to the North Carolina Engineering Foundation.

This section would become effective July 1, 2025.

AMEND NORTH CAROLINA LICENSING BOARD FOR GENERAL CONTRACTORS DISCIPLINARY ACTION AUTHORITY

Section 3.5: Current law authorizes the State Licensing Board for General Contractors to take disciplinary actions against licensed general contractors and requires the Board to maintain certain records.

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This section would expand the Board's disciplinary authority to include general contractor qualifiers and applicants, in addition to licensees. This section would also amend provisions relating to recordkeeping and license reissuance.

PROHIBIT GENERAL CONTRACTOR REEXAMINATION WHILE COURT AWARDS REMAIN UNPAID

Section 3.6: Current law requires the court to award up to \$5,000 in attorney fees to the State Licensing Board for General Contractors when the Board prevails in actions to enjoin persons in violation of the laws that related to general contracting.

This section would remove this attorney fees cap and specify that applicants for licensure examinations are prohibited from sitting for examinations with unpaid court awards.

MODERNIZE GENERAL CONTRACTOR LAWS

Section 3.7: Article 1 of Chapter 87 of the General Statutes outlines the authority of the State Licensing Board for General Contractors.

This section would make technical corrections to that Chapter.

PART IV. EXEMPT RESIDENTIAL CHANGEOUTS PERFORMED BY LICENSED CONTRACTORS FROM INSPECTION REQUIREMENT

EXEMPT RESIDENTIAL CHANGEOUTS PERFORMED BY LICENSED CONTRACTORS FROM INSPECTION REQUIREMENTS

Section 4.1: Generally, current law requires building permits for most installation and alteration to real property within this State, which are generally administered by local governments through inspection departments and its Code-enforcement officials conducting inspections as part of that process.

This section would:

- Require the Office of the State Fire Marshal to create a certification form, in consultation with the Building Code Council and Residential Code Council, for use by local government in its permitting process for contractors to certify residential changeout work (i.e. work requiring a building permit for the purpose of heating and air conditioning appliance replacement in certain dwellings) to exempt the work from inspection requirements.
- Create a process by which local governments will be required to accept residential changeout work certification and would release them from liability for that work.
- Authorize local governments to charge a fee not to exceed \$20 for the administration of this inspection exemption based on certifications.

This section would become effective January 1, 2026.

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PART V. MISCELLANEOUS

MODIFY PUBLIC POOL LAWS TO CLARIFY PRIVATE POOL EXCLUSION AND TO EXEMPT PUBLIC COLD BATHS AND FLOTATION/SENSORY DEPRIVATION SYSTEMS

Section 5.1: Part 10 of Chapter 130A outlines the authority of the Department of Health and Human Services in its regulation of public swimming pools.

This section would clarify the exemption of single-family dwelling pools on sharing economy platforms, exempt public cold baths, and exempt flotation/sensory deprivation systems from regulation by the Department.

INCREASE FORMAL BIDDING THRESHOLD FOR PUBLIC CONTRACTS

Section 5.2: Current law requires that construction or repair work expending public money costing greater than \$500K or the purchase of apparatus, supplies, materials, or equipment requiring the expenditure of public money greater than \$90K utilize formal bidding procedures. Below that threshold, informal bidding procedures and bidding exemptions apply based on procurement circumstances.

This section would increase the formal bidding requirement thresholds for construction/repair work and the purchase of apparatus, supplies, materials, or equipment to \$1.5M and \$180K, respectively.

This section would become effective July 1, 2026.

SEVERABILITY CLAUSE AND EFFECTIVE DATE

Section 6.1 and Section 6.2 contain severability and effective date provisions.

EFFECTIVE DATE: This PCS contains various effective dates specific to individual sections, and except as otherwise provided, this act would become effective when it becomes law.