



TOP 10 NCHBA ACTIONS TO BENEFIT OUR MEMBERS IN 2017

1. Passed Building Code Regulatory Reform Act of 2017—[HB 252 \(Building Code Regulatory Reform\)](#) refines and clarifies several provisions in previous legislation which NCHBA sought and which passed in 2015 ([S.L. 2015-145](#)) as well as enacting several new provisions:

- No grandfathering of inspections prohibited by S.L. 2013-118 (only those specifically authorized by Building Code);
- Provides more flexibility for field inspection of building component;
- No additional certification required by a licensed engineer or architect for previously certified component or element;
- City and County inspection departments required to create informal internal review process;
- Ensures that all relevant codes are reviewed by residential committee of Building Code Council;
- Allows building permit holder choice between new and old interpretation for project under construction; and,
- Eliminating dual meter requirements for lots on septic systems.

SAVINGS TO MEMBERS: Hundreds of thousands of dollars in elimination of unauthorized inspections, provides more flexibility in inspections process and creates more builder choice.

2. Further Favorable Modification of Sales Tax on Labor—[SB 628 \(Various Changes to Revenue\)](#) makes clarifying changes in the definition of remodeling, as well as adding specific exemptions such as decks and patios to projects exempt from sales tax on labor. The legislation also increased the mixed transaction percentage from 10% to 25% (whereby no sales tax will be due if the RMI portion of job is 25% or less of the total contract price for the project). Also, the law retains the existing law that a project which requires a building permit is by definition a capital improvement (and thus exempt from sales tax on labor). The bill contained a study provision that would allow a subcontractor to pay sales tax on materials for an RMI project to a retailer rather than having to obtain the materials by an exemption certificate and then remit the use tax. Lastly, the legislation makes important changes to the franchise tax by allowing a business to deduct indebtedness specifically incurred by the purchase of real estate and the improvements to the real estate. ***SAVINGS TO MEMBERS: Millions of dollars in avoided sales taxes on labor in both new construction and remodeling.***

3. Successfully urged the Building Code Council to enact important code changes which produced significant cost savings—NCHBA Director of Construction & Codes Robert Privott is a constant fixture at all meetings of the Building Code Council (BCC) and its various committees. His expert advocacy and credibility with the BCC again produced significant cost savings to homebuyers through several key amendments to the code. Examples include: Successfully lobbied the Building Code Council to deny a Petition for Rulemaking to amended the 2012 Plumbing Code that would have required all components and appurtenances in unconditioned garage and crawlspaces to be insulated. ***SAVINGS TO MEMBERS: Hundreds of thousands of dollars in avoided costs.*** Amended the 2018 Residential and Energy codes to include the ENERGY RATING INDEX COMPLIANCE ALTERNATIVE that allows an additional compliance path for energy conservation requirements. ***SAVINGS TO MEMBERS: Hundreds of thousands of dollars in avoided costs in addition to utility cost savings for homeowners and job creation for Energy Raters as a result of this change.*** Successfully lobbied the Building Code Council to amend the 2018 Residential and Energy codes to exempt mandatory duct testing for duct systems serving areas of 750 sq. ft. or less. ***SAVINGS TO MEMBERS: Thousands of dollars in avoided costs.***

4. Authorized, but limited, water and wastewater capacity fees—In August 2016, the Supreme Court of North Carolina decided the [Quality Built Homes v. Carthage](#) case. The court struck down the town's impact fees for water and sewer services to be furnished in the future calling into question similar fees in other jurisdictions. NCHBA participated in this case by filing an *amicus* brief on behalf of the builder. As refund lawsuits began to be filed across the state, the local government associations sought legislation to limit the liability of their members and to obtain the authority to legally impose fees for future water and sewer availability services. The legislative leadership asked NCHBA to work with these groups to see if a compromise was possible. After months of negotiation, a deal was struck which provides authority for local governments to impose lawful water and sewer capacity fees in the future but under a new structure which has clear standards and limitations. The responsibility for paying for future water and wastewater capacity will be shared between the development community and existing customers unlike the situation that currently exists in a number of jurisdictions. The bill also creates a three-year statute of limitations for refund lawsuits for the recovery of any unlawful fee collected by a unit of local government for water or sewer services.

The agreed-upon language was inserted into [HB 436 \(Local Government Regulatory Fees\)](#) and the bill was then passed unanimously both in the House and Senate, and was sent to the Governor where it was signed into law. ***SAVINGS TO MEMBERS: Millions of dollars in illegal fees by enacting a fair system while ensuring capacity for water and wastewater to serve future development.***

5. Repealed Orange County Impact Fee Authority—[HB 406 \(Repeal Orange County Impact Fee\)](#) repeals previous legislative authority granted in 1987 to Orange County to impose impact fees. As a result of passage of this local bill, Orange County will no longer be able to collect impact fees. For example, the Chapel Hill-Carrboro school system will no longer be able to impose a school impact fee of nearly \$12,000 per single-family dwelling. ***SAVINGS TO MEMBERS: Millions of dollars to both residential and commercial builders.***

6. Fixed Critical Workers Comp Insurance Issue—In one of the most important bills of the session, both to NCHBA and to the business community, was [HB 26 \(Workers Comp/Fix the Wilkes Decision\)](#). Earlier this year, the Supreme Court of North Carolina issued an opinion which may observers viewed as one of the worst workers' compensation decisions for employers in decades (*Wilkes v. City of Greenville*). Its impact would most certainly have led to significant increased costs for employers and would have reversed the reduction in workers' comp premiums which have fallen by an average of almost 40% in the wake of our successful 2011 workers comp reform legislation combined with recent changes in the medical and hospital fee schedules brought about by NCHBA and the business community. The legislation restored the presumption that had existed before the decision and correctly places the burden back on the injured employee to prove that any future damage claimed to arise from the workplace injury did, in fact, arise from the original injury. ***SAVINGS TO MEMBERS: Millions of dollars in avoided increased workers' comp premiums.***

7. Required cancellation of Lien Agent Notice—[HB 707 \(Lien Agent/Notice of Cancellation\)](#) requires a potential lien claimant who has filed a Notice to Lien Agent to cancel that notice within a reasonable time after the entity filing the notice has confirmed receipt of final payment for the improvement to which the notice relates. Cancellation will be accomplished on the website used to file the original notice. ***SAVINGS TO MEMBERS: Thousands of dollars to both residential and commercial builders in time costs associated with obtaining lien waivers from suppliers and subs who have been paid.***

8. Put NC Building Code On-Line— In 2016, NCHBA secured in appropriation of \$425,000 to the NC Department of Insurance to make the Building Code Registry fully on-line and searchable. This project was completed in 2017 and making the family of NC building codes fully accessible on-line without having to purchase the hard copy books for the current edition of the codes. ***SAVINGS TO MEMBERS: Thousands of dollars by free on-line access rather than purchase of code books.***

9. Included several important provisions in Regulatory Reform bills enacted—[SB 16 \(Business Regulatory Reform Act of 2017\)](#) includes the following provision: "An improvement permit or authorization for wastewater system construction issued by a local health department from January 1, 2000, to January 1, 2015, which has not been acted on and would have otherwise expired, shall remain valid until January 1, 2020, without penalty, unless there are changes in the hydraulic flows or wastewater characteristics from the original local health department evaluation. Permits are transferrable with ownership of the property. Permits shall retain the site, soil evaluations, and construction conditions of the original permit." A provision in [SB 131 \(Regulatory Reform Act of 2016-2017\)](#) contains NCHBA-sought language clarifying that the determination of project cost for intermediate or limited license excludes the cost of land and any ancillary costs to improve the land. Another important provision imposes a 5-year statute of limitations and a 7-year statute of repose on local governments to pursue an alleged violation of a land-use statute, ordinance or permit against a landowner. Current law does not contain any statute of limitations. The legislation makes a request of the US Army Corps of Engineers to allow up to 300 linear feet of stream disturbance before mitigation is required; the current threshold is 150 feet in North Carolina. The Corps has approved the 300-foot threshold in neighboring states. A provision in [HB 56 \(Amend Environmental Laws\)](#) establishes a coastal storm damage mitigation fund for beach re-nourishment, artificial dunes and other projects to help alleviate coastal storm damage. In addition, the act directs the legislature's Fiscal Research Division to study the implementation of a potential riparian buffer tax exclusion from local property taxes for landowners whose property is affected by mandatory state or local riparian buffers. ***SAVINGS TO MEMBERS: Hundreds of thousands of dollars in avoided costs.***

10. Increased NCHBA membership, held another successful 21CBEC show and finished 2017 with solid profit—Current NCHBA membership statistics show an increase in 2017 of 1.5% to almost 14,000 members statewide, the 15th annual edition of the 21st Century Building Expo was a success and NCHBA will finish 2017 with another solid profit allowing \$300,000 to be provided to the Home Builders Education Fund, Inc. (our 527 entity) to use in support of pro-housing candidates in next year's elections.

For more information on these, or other 2017 successes, contact NCHBA Staff Members Mike Carpenter, Tim Minton, Steven Webb or Robert Privott at (800) 662-7129 or email Tim at tminton@nchba.org.