



INTRODUCTION

What a strange session it has been so far! Legislators have been telling lobbyists to wait until the budget is finished to get their bills through committee and have also advised most groups to try to bring consensus bills to the table. Now suddenly, without the budget being completed, legislators are now saying that they are wrapping up and the bills better move soon or will have to wait until the short session. That means that the hundreds of bills in both the Senate Rules Committee and the House Rules Committee need to be assigned to a committee and heard, debated, possibly amended and then sent back to the Rules Committee again before going to the House or Senate floor. There is a scramble now to get bills moved and heard as quickly as possible so we have gone from medium gear to supersonic speed in a short period of time!

Meanwhile, House and Senate Budget leaders have met twice with the Governor and his staff regarding budget negotiations; however, there seems to be very little negotiating happening. The Governor wants to Expand Medicaid and the House and Senate do not want to even discuss the issue. A series of letters and harsh statements have been exchanged, but there seems to be no agreement or end in sight. That most likely means that the House and Senate will approve their budget compromise and send it to the Governor for an almost certain veto – which the Governor should be able to sustain with the increased number of Democrats in both chambers. After that it is unclear what will happen? Will the House and Senate go home and continue the current budget that is in place or will they try to pass a mini-budget with non-controversial items? Of course, negotiations could get back on track as well, but considering the rhetoric, we find that highly unlikely at this point. For those who have worked hard to get their budget provision approved, it is very frustrating to know that all of that work could mean nothing. Stay tuned.....



NORTH CAROLINA ELECTRONIC SECURITY ASSOCIATION



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BILL UPDATES

HOUSE BILL 675, 2019 Building Code Regulatory Reform, was amended in the Senate Commerce and Insurance Committee to require the State Board of Examiners of Plumbing, Heating, and Fire Sprinkler Contractors to establish and issue a Residential Fire Sprinkler Design license for use by persons who hold the appropriate Residential Fire Sprinkler Contractor license to design and install the proper multipurpose fire sprinkler system required by the North Carolina Building Code. **The bill as amended was approved by the Senate Commerce and Insurance Committee and will next be considered by the Senate Finance Committee.**

HOUSE BILL 686, Automatic Renewal of Contracts, was removed from the Senate Rules Committee and referred to the Senate Commerce and Insurance Committee. This is an indication that the bill will move forward. The North Carolina Electronic Security Association has shared with both the sponsor of the bill and the Chairs of the Senate Commerce and Insurance Committee that a provision to include an exemption for month the month contracts should be included in the legislation. **The bill is currently in the Senate Commerce and Insurance Committee.**

HOUSE BILL 770, Freedom to Work/OLB Reform, was amended in the Senate Judiciary Committee to:

- define State agency licensing board as any State agency, staffed by full-time State employees, which as party of their regular functions issue licenses;
- include a list of State agency licensing boards and the profession or occupation for which the board, agency, or officer can issue licenses;
- require occupational licensing boards to also include in its annual report to the Secretary of State, the Attorney General, and the specified NCGA committee: (1) the number of applicants for a license and the number of licenses granted; and (2) the number of applicants with a conviction record and of that number, the number of licenses granted, denied for any reason, and denied because of the conviction;
- add a new annual reporting requirement for State agency licensing boards to require the boards to file an electronic report that includes this same newly required data of occupational licensing boards with the Secretary of State, the Attorney General, and the specified NCGA committee by October 31 of each year;
- amend the provision regarding the use of criminal history records by occupational licensing boards to include State agency licensing boards;
- allow, subject to federal law, a board to deny an applicant on the basis of a criminal conviction only if the board finds that the criminal conviction history is directly related to the duties and responsibilities for the licensed occupation or the criminal conviction is violent or sexual in criminal nature;
- explicitly prohibit a board from automatically denying licensure on the basis of an applicant's criminal history (previously, qualified the prohibition by stating that the laws governing a particular licensing board controls), and prohibit a board from denying licensure based on a determination that a conviction is for a crime of moral turpitude;
- maintain the eight existing factors the board must consider prior to denying licensure on the basis of a criminal conviction, and add to the factors required to be considered: (1) the completion of or active participation in rehabilitative drug or alcohol treatment; and (2) a certificate of relief granted under state law;
- require a board that denies an applicant a license to: (1) make written findings specifying which of the ten factors the board deemed relevant to the applicant and explaining its reasoning for the denial, signed by the board's presiding officer; (2) provide or serve a signed copy of the

written findings to the applicant within 60 days of the denial; and (3) retain a signed copy of the written findings for no less than five years;

- require each board to include in its application for licensure and on its public website: (1) whether the board requires applicants to consent to a criminal background check; (2) the ten factors the board must consider when making a determination of licensure; and (3) the appeals process if the board denies licensure in whole or in part because of a criminal conviction;
- require boards that require criminal history records to have the provider provide the applicant with access to the applicant's criminal history record or otherwise deliver a copy to the applicant;
- require the board to notify an applicant in writing of specific issues in an applicant's criminal history that will or can prevent the board from issuing a license, with notification in sufficient time for the applicant to provide additional documentation prior to the board's final decision, and allow an applicant 30 days to either correct any inaccuracy in the record or submit evidence of mitigation or rehabilitation for the board's consideration;
- require a board denying licensure following a heard to include in its written order specific reference to any criminal conviction(s) considered as any basis for denial and the rationale for denial, as well as the appeal process and the applicant's ability to reapply;
- prohibit restricting applicants from reapplying for licensure for more than two years from the date of the most recent application;
- amend the proposed petition process to require the petition to include a criminal history record report, the cost of which is paid by the applicant;
- allow a board to predetermine the petitioner's criminal history is likely grounds for license denial only after the board has applied the specified statutory requirements;
- set out provisions governing the board's delegation of the predetermination authority so that the determinations can be made in a timely manner;
- include information that must be included in the notice to the applicant that the applicant would likely be denied licensure based on his criminal history;
- provide that a predetermination of licensure denial is not a final agency decision;
- require the board to inform an individual of the board's determination within 45 days (was, 30 days) of receipt of the petition;
- allow a fee up to \$45 per petition;
- amend the definition of career technical education to include programs of study, clusters, and pathways approved by the State Board of Community Colleges;
- require an occupational licensing board to grant a license to an applicant meeting the specified criteria, unless otherwise required by federal law; and
- amend the criteria to (1) add that the applicant has met any other requirements for licensure set forth in the law or rules related to the board, except for pre-licensing education requirements, and (2) include completion of apprenticeships approved by the North Carolina State Approving Agency.

The bill as amended was approved by the Senate Judiciary Committee and will next be considered by the Senate Rules Committee.

HOUSE BILL 954, Qualified Disabled Veteran Preference. This bill regarding state construction or repair contract bidding preference for qualified disabled veteran businesses was amended in the House Homeland Security, Military, and Veterans Affairs Committee to:

- amend the definition of qualified disabled veteran to mean a veteran with a disability rating of 60% or higher for a service-connected disability (was, a veteran with a service-connected disability);
- define qualified disabled veteran-owned business to mean a business that is 100% owned by one or more qualified disabled veterans (previously, termed qualified disabled veteran business

and required the business to be 51% or more owned by one or more qualified veterans);

- allow a spouse of a qualified disabled veteran business owner to have an ownership interest in the business so long as the ownership interest of the qualified disabled veterans is at least 50%;
- amend the definition of the term service-connected disability to limit the term to mean a disability incurred in the line of duty in active service (previously, also included disabilities aggravated in the line of duty);
- amend the policy preference for qualified disabled veteran-owned businesses in state construction or repair contracts to qualify that the policy must balance against a priority to maintain the lowest cost to the State;
- allow a qualified disabled veteran-owned business that submits a bid for a state construction or repair contract that is within 10% of the lowest responsible, responsive bid, the opportunity to match the lowest responsible, responsive bid (unless it was made by the same) and require the contract be awarded to the qualified veteran-owned business if the business agrees to match that lowest responsible, responsive bid;
- provide that, where there are more than one qualified disabled veteran-owned businesses eligible for preference, the one that submitted the lowest responsible, responsive bid will be awarded the contract, and require that in giving the preference, no sacrifice or loss in price or quality is permitted;
- provide that preference eligibility requires that the qualified disabled veteran-owned business be a responsible, responsive bidder and includes in its bid proof that the business is properly registered with the Secretary of State (was, that the business has its principle place of business in the State);
- provide that a bid failing to include the required documentation for preference is still eligible for the contract but is not eligible for the preference;
- provide that loss of preference qualification under contract makes the business ineligible for preference in the future but allows the business to continue to perform the contract (previously, required the contract price to be discounted the preference amount and did not disqualify future preference); and
- clarify that the act applies to state construction or repair contracts bids (was, contracts) submitted on or after October 1, 2019.

The bill was approved by the House Homeland Security, Military, and Veterans Affairs Committee; however, the bill was subsequently referred to and removed from the House Appropriations on General Government and Rules Committees and then placed on the House unfavorable calendar.

SENATE BILL 362, Annual Report Standardization, would:

- modify the annual reporting requirements for corporations, limited liability corporations and limited liability partnerships, requiring electronic filing with specific deadlines depending on revenues;
- set consistent fees for those entities to file electronically at \$125;
- require domestic and foreign non-profit corporations authorized to conduct affairs in North Carolina to electronically submit an annual report to the Secretary of State;
- require the report to be submitted by November 15 of each year;
- deem a domestic or foreign non-profit corporation to have filed the required annual report if (1) the corporation is a charitable organization or sponsor licensed under GS Chapter 131F, Article 2; (2) the corporation applies for the license electronically in a form prescribed by the Secretary of State and provides additional information in that application required for the annual report; and (3) the corporation is licensed on the annual report due date;
- establish no cost for non-profit corporations submitting the annual report;

- require limited partnerships (LP) and foreign limited partnerships (LP) authorized to transact business in North Carolina to electronically submit an annual report to the Secretary of State;
- require the report to be submitted by the 15th day of the fourth month following the close of the LP's fiscal year;
- authorize the Secretary of State to revoke the registration of an LP or the certificate of authority of a foreign LP if it is determined that (1) the LP has not paid any penalties, fees, or other payments due under the Chapter within 60 days after they are due; (2) the LP does not submit the annual report within 60 days after it is due; (3) the LP has been without a registered agent or registered office in this State for 60 days or more; or (4) the LP does not notify the Secretary within 60 days of the change, resignation, or discontinuance that is registered agent or registered office has been changed, that is registered agent has resigned, or that its registered office has discontinued;
- establish the fee for LPs submitting electronic annual reports to \$125;
- require a nonprofit entity's refund request of paid sales and use taxes to specifically include the name, mailing address, email address, and if applicable, the registration number issued by the Secretary of State of the entity, in addition to any other information and documentation required by the Secretary of Revenue;
- increase the reinstatement fee payable to the Secretary of Revenue for corporations or LLCs suspended under GS 105-230 from \$25 to \$50;
- establish statewide jurisdiction for the Department of the Secretary of State's law enforcement agents, and authorize the agents to assist local law enforcement in their investigations and to also initiate and carry out investigations with the coordination of local law enforcement agencies;
- grant the agents all powers and authority of law enforcement officers when executing arrest warrants; and
- authorize the agents to have fictitious licenses, license tags, and registrations or purposes of conducting criminal investigations. Makes conforming changes, effective December 1, 2019.

Introduced by Senators Wells and Perry and placed on the Senate calendar.

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