



## TOP 10 NCHBA ACTIONS TO BENEFIT OUR MEMBERS IN 2018

---

**1. Building Code Regulatory Reform Act of 2018--[HB 948 \(Building Code Regulatory Reform\)](#)** --NCHBA's top session priority arose from the interim House Select Committee which NCHBA was instrumental in creating and before which NCHBA testified on several occasions. The key provision is the creation of an "inspector marketplace pool" of fully credentialed, retired Code enforcement officials within the Department of Insurance (DOI) and provides builder access thereto whenever the builder demonstrates that a requested inspection from a local department has not been provided within two (2) business days of request. The DOI will charge the builder for the inspector's time (set at \$30 per hour for the inspection service plus mileage at the state rate) but the builder would recoup a portion of the permit fee previously paid to the local jurisdiction for the inspections it failed to provide. This provision became effective on 08/01/18. ***SAVINGS TO MEMBERS: Hundreds of thousands of dollars to builders experiencing inspection delays; improved accountability in overall inspection process.***

**2. Final Fix to Sales Tax on Labor--[SB 715 \(Various Changes to Revenue Laws\)](#)**--NCHBA sought this final fix to the sales tax on labor issue for members who perform repair, maintenance and installation (RMI) services. Previously, NCHBA was instrumental in exempting all new construction and most remodeling from the sales tax on labor. This final fix will allow contractors who pay sales tax on materials for an RMI project at the retail level to receive credit on the sales tax remitted to the Department of Revenue in lieu of the prior requirement to obtain the materials by an exemption certificate and then charge use tax. RMI contractors will continue to charge customers sales tax on the entire project (i.e., material, labor and profit) but will be able to deduct the sales tax paid on materials from the sales tax remitted to the state. ***SAVINGS TO MEMBERS: Millions of dollars in avoided sales taxes on labor in both new construction and remodeling as a result of NCHBA's multi-year effort to reform law.***

**3. Successfully urged the Building Code Council to enact important code changes producing significant 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 NC Residential Code to require labeling of non-habitable areas of dwellings to identify the allowed use of that area. ***SAVINGS TO MEMBERS: Hundreds of thousands of dollars in avoided costs for CO delays.*** Successfully appealed a formal interpretation from the NC Department of Insurance, Office of State Fire Marshal, Engineering Division before the Building Code Council that would prohibit the installation of siding on single family homes prior to building framing inspections. ***SAVINGS TO MEMBERS: Thousands of dollars in avoided costs.*** Successfully lobbied the Building Code Council to amended the 2018 Residential Code Sections AM 105.1 and 4306.6 to allow code specific screws to be used in lieu of 5/8" galvanized bolts for attachment of girders on wood decks and for tying and bracing of wood piles. ***SAVINGS TO MEMBERS: Thousands of dollars in avoided costs.***

**4. Clarify System Development Fees--[HB 826 \(Clarify System Development Fees\)](#)** clarified several provisions in the 2017 law. First, it reduces the planning horizon for capacity fee calculation from 10 years to 5 years. Second, it allows system development fees to be paid at plat approval or allocation of services whichever is later. Third, it clarifies that these fees can be used to secure revenue bonds for water and wastewater systems. Finally, it requires the EMC to study and update water and sewer use numbers for homes which have not been updated for more than a decade and do not account for current construction techniques which use significantly less water. Accurate water usage assumptions are an important factor in the proper calculation of system development fees. ***SAVINGS TO MEMBERS: 2017 law saved millions of dollars in illegal fees by enacting a fair system while ensuring capacity for water and wastewater to serve future development.***

**5. Preserved Industrial Commission Balance--**[HJR 1099, SJR 818 \(Confirm Robert J. Harris/Industrial Commission\)](#)

For more than three decades, NCHBA has been a leader of the business community in legislative and regulatory efforts to reform the workers' compensation system administered by the NC Industrial Commission (IC). In reform legislation enacted in 2011, NCHBA insisted on including legislative confirmation for appointments by the Governor to the IC because it was then very much out of balance. Subsequently, this process has worked well and resolved the imbalance. However, in early February, the Governor nominated Mr. Harris to an employer seat which his record as a deputy commissioner did not support. Consequently, NCHBA and other business groups opposed and testified against his confirmation. Both bodies of the General Assembly rejected his nomination in separate votes (House 74-40; Senate 38-8). ***SAVINGS TO MEMBERS: Millions of dollars to NC employers in maintaining appropriate balance on the Industrial Commission.***

**6. Energy Code Doesn't Apply to Garages--**[HB 573 \(Business/Regulatory Changes\)](#)

directs the Building Code Council to provide an exemption from the requirements contained in the residential energy codes for detached and attached garages located on the same lot as a dwelling. This provision will save builders significant sums in unnecessary energy requirements for this non-living space. Another provision allows wastewater systems to be installed within 50 feet of a well (instead of the current 100-foot setback) thus allowing builders to build homes on smaller lots. ***SAVINGS TO MEMBERS: Hundreds of thousands of dollars in avoided costs.***

**7. Clarify Grandfathering for Wastewater Permits--**[HB 374 \(Regulatory Reform Act of 2018\)](#) allows a licensed soil scientist to inspect and determine that soil and land conditions have not been altered on a site where an onsite wastewater permit was previously issued has expired. A 2017 law grandfathered permits whose five-year period expired due to inaction largely during the Great Recession. These permits dating back to January 1, 2000, are deemed valid as long as the ground conditions remain unchanged. Some local governments misinterpreted last year's law and failed to allow work to proceed, thus requiring this additional legislative fix. ***SAVINGS TO MEMBERS: Hundreds of thousands of dollars in avoided costs.***

**8. Successful Defense/Inclusionary Zoning--** For more than 30 years, NCHBA has successfully opposed legislation which would authorize inclusionary zoning in North Carolina. Last session, [SB 300 \(Inclusionary Zoning/Durham\)](#), was introduced as a local bill to authorize this procedure in both Durham County and its municipalities. As a result of our efforts, the bill was never referred to a substantive committee. This session, HB 784 as proposed, contained a provision to authorize all local governments across the state to impose such a requirement. However, before the bill was introduced, its sponsor, sought our views and we were able to persuade him that this "solution" merely drives up the cost of the remaining units while actually exacerbating the very affordable housing problem that it purports to solve. [SB 784 \(Affordable Housing Act\)](#). ***SAVINGS TO MEMBERS: Millions of dollars in avoided costs if inclusionary zoning were ever authorized statewide.***

**9. Successful Defense/Wetland Mitigation & Docks--** Mitigation credits must be purchased whenever development disturbs wetlands or other environmentally sensitive areas. These credits must be obtained from private mitigation banks unless they are unable to provide them in which case credits can be purchased from the state. [HB 557 \(Mitigation Services Amendments\)](#) would have eliminated the state program without any assurance that credits would be available. NCHBA successfully opposed this legislation. HB 1018, a local bill, would have allowed all local governments in Carteret County to regulate vegetation on private property and the size and placement of piers, docks, boatlifts, pilings and floating platforms, [HB 1018 \(Carteret County/Regulate Navigable Waters\)](#). ***SAVINGS TO MEMBERS: Potentially millions of dollars to preserve availability of wetland credits and hundreds of thousands of dollars for Carteret Co. builders.***

**10. Grew membership, successful 21CBEC show, profitable 2018 and increased advocacy spending—** NCHBA membership increased 2.8% to 14,229 member-firms statewide, the 16<sup>th</sup> annual edition of the 21<sup>st</sup> Century Building Expo was a success and NCHBA will finish 2018 with another solid profit. Advocacy spending on candidates reached over \$700,000 through our 527 entity (Home Builders Education Fund, Inc.) and BUILD-PAC.

For more information on these, or other 2018 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](mailto:tminton@nchba.org).