

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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SENATE BILL 16

Short Title: Amend Administrative Procedure Laws. (Public)

Sponsors: Senators Wells, Barringer, and Daniel (Primary Sponsors).

Referred to: Rules and Operations of the Senate

January 30, 2017

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE AGENCIES TO MAKE RULE TECHNICAL CORRECTIONS WITHOUT REVIEW BY THE RULES REVIEW COMMISSION AND TO AUTHORIZE THE CODIFIER OF RULES TO MAKE RULE TECHNICAL CORRECTIONS, TO CLARIFY THAT A PARTY MAY COMMENCE A CONTESTED CASE IN A DISPUTE WITH AN AGENCY WITHOUT PETITIONING THE AGENCY FOR RULE MAKING OR OBTAINING A DECLARATORY RULING, AND TO REVISE THE PROCESS FOR THE REVIEW AND READOPTION OF EXISTING RULES, AS RECOMMENDED BY THE JOINT LEGISLATIVE ADMINISTRATIVE PROCEDURE OVERSIGHT COMMITTEE.

The General Assembly of North Carolina enacts:

AUTHORIZE RULE TECHNICAL CORRECTIONS

SECTION 1.1. G.S. 150B-21.5 reads as rewritten:

"§ 150B-21.5. Circumstances when notice and rule-making hearing not required; required; circumstances when submission to the Commission not required.

(a) Amendment. – An agency is not required to publish a notice of text in the North Carolina Register or Register, hold a public hearing hearing, or submit the amended rule to the Commission for review when it proposes to amend a rule to do one of the following:

- (1) Reletter or renumber the rule or subparts of the rule.
- (2) Substitute one name for another when an organization or position is renamed.
- (3) Correct a citation in the rule to another rule or law when the citation has become inaccurate since the rule was adopted because of the repeal or renumbering of the cited rule or law.
- (4) Change information that is readily available to the public, such as an address or address, a telephone number-number, or a Web site.
- (5) Correct a typographical error in the North Carolina Administrative Code.error.
- (6) ~~Change a rule in response to a request or an objection by the Commission, unless the Commission determines that the change is substantial.~~

(a1) Response to Commission. – An agency is not required to publish a notice of text in the North Carolina Register or hold a public hearing when it proposes to change the rule in response to a request or an objection by the Commission, unless the Commission determines that the change is substantial.

(b) Repeal. – An agency is not required to publish a notice of text in the North Carolina Register or hold a public hearing when it proposes to repeal a rule as a result of any of the following:

- (1) The law under which the rule was adopted is repealed.



1 (2) The law under which the rule was adopted or the rule itself is declared
2 unconstitutional.

3 (3) The rule is declared to be in excess of the agency's statutory authority.

4 (c) OSHA Standard. – The Occupational Safety and Health Division of the Department of
5 Labor is not required to publish a notice of text in the North Carolina Register or hold a public
6 hearing when it proposes to adopt a rule that concerns an occupational safety and health standard
7 and is identical to a federal regulation promulgated by the Secretary of the United States
8 Department of Labor. The Occupational Safety and Health Division is not required to submit to
9 the Commission for review a rule for which notice and hearing is not required under this
10 subsection.

11 (d) State Building Code. – The Building Code Council is not required to publish a notice
12 of text in the North Carolina Register when it proposes to adopt a rule that concerns the North
13 Carolina State Building Code. The Building Code Council is required to publish a notice in the
14 North Carolina Register when it proposes to adopt a rule that concerns the North Carolina State
15 Building Code. The notice must include all of the following:

16 (1) A statement of the subject matter of the proposed rule making.

17 (2) A short explanation of the reason for the proposed action.

18 (3) A citation to the law that gives the agency the authority to adopt a rule on the
19 subject matter of the proposed rule making.

20 (4) The person to whom questions or written comments may be submitted on the
21 subject matter of the proposed rule making.

22 The Building Code Council is required to submit to the Commission for review a rule for
23 which notice of text is not required under this subsection. In adopting a rule, the Council shall
24 comply with the procedural requirements of G.S. 150B-21.3.

25 (e) An agency that adopts or amends a rule pursuant to subsection (a) or (c) of this section
26 shall notify the Codifier of Rules of its actions. When notified of an agency action taken pursuant
27 to subsection (a) or (c) of this section, the Codifier of Rules shall make the appropriate change to
28 the North Carolina Administrative Code."

29 **SECTION 1.2.** G.S. 150B-21.20 reads as rewritten:

30 "**§ 150B-21.20. Codifier's authority to revise ~~form of~~ rules.**

31 (a) Authority. – After consulting with the agency that adopted the rule, the Codifier of
32 Rules may revise ~~the form of a rule submitted for inclusion in the North Carolina Administrative~~
33 ~~Code a rule~~ to do one or more of the following:

34 (1) Rearrange the order of the rule in the Code or the order of the subsections,
35 subdivisions, or other subparts of the rule.

36 (2) Provide a catch line or heading for the rule or revise the catch line or heading of
37 the rule.

38 (3) Reletter or renumber the rule or the subparts of the rule in accordance with a
39 uniform system.

40 (4) Rearrange definitions and lists.

41 (5) Make other changes in arrangement or in form that do not change the substance
42 of the rule and are necessary or desirable for a clear and orderly arrangement of
43 the rule.

44 (6) Omit from the published rule a map, a diagram, an illustration, a chart, or other
45 graphic material, if the Codifier of Rules determines that the Office of
46 Administrative Hearings does not have the capability to publish the material or
47 that publication of the material is not practicable. When the Codifier of Rules
48 omits graphic material from the published rule, the Codifier must insert a
49 reference to the omitted material and information on how to obtain a copy of
50 the omitted material.

51 (7) Substitute one name for another when an organization or position is renamed.

1 (8) Correct a citation in the rule to another rule or law when the citation has
2 become inaccurate since the rule was adopted because of the repeal or
3 renumbering of the cited rule or law.

4 (9) Change information that is readily available to the public, such as an address, a
5 telephone number, or a Web site.

6 (10) Correct a typographical error.

7 (b) Effect. – Revision of a rule by the Codifier of Rules under this section does not affect
8 the effective date of the rule or require the agency to readopt or resubmit the rule. When the
9 Codifier of Rules revises the form of a rule, the Codifier of Rules must send the agency that
10 adopted the rule a copy of the revised rule. The revised rule is the official rule, unless the rule was
11 revised under subdivision (a)(6) of this section to omit graphic material. When a rule is revised
12 under that subdivision, the official rule is the published text of the rule plus the graphic material
13 that was not published."
14

15 CLARIFY CONTESTED CASE POLICY

16 **SECTION 2.1.** G.S. 150B-22 reads as rewritten:

17 "**§ 150B-22. Settlement; contested case.**

18 (a) It is the policy of this State that any dispute between an agency and another person that
19 involves the person's rights, duties, or privileges, including licensing or the levy of a monetary
20 penalty, should be settled through informal procedures. In trying to reach a settlement through
21 informal procedures, the agency may not conduct a proceeding at which sworn testimony is taken
22 and witnesses may be cross-examined.

23 (b) If the agency and the other person do not agree to a resolution of the dispute through
24 informal procedures, either the agency or the person may commence an administrative proceeding
25 to determine the person's rights, duties, or privileges, at which time the dispute becomes a
26 "contested case." A party or person aggrieved shall not be required to petition an agency for rule
27 making or to seek or obtain a declaratory ruling before commencing a contested case pursuant to
28 G.S. 150B-23."

29 **SECTION 2.2.** G.S. 150B-43 reads as rewritten:

30 "**§ 150B-43. Right to judicial review.**

31 Any party or person aggrieved by the final decision in a contested case, and who has exhausted
32 all administrative remedies made available to the party or person aggrieved by statute or agency
33 rule, is entitled to judicial review of the decision under this Article, unless adequate procedure for
34 judicial review is provided by another statute, in which case the review shall be under such other
35 statute. Nothing in this Chapter shall prevent any party or person aggrieved from invoking any
36 judicial remedy available to the party or person aggrieved under the law to test the validity of any
37 administrative action not made reviewable under this Article. ~~Absent a specific statutory~~
38 ~~requirement, nothing in this Chapter shall require a~~ A party or person aggrieved shall not be
39 required to petition an agency for rule making or to seek or obtain a declaratory ruling before
40 obtaining judicial review of a final decision or order made pursuant to G.S. 150B-34."
41

42 AMEND PERIODIC REVIEW OF RULES PROCESS

43 **SECTION 3.** G.S. 150B-21.3A reads as rewritten:

44 "**§ 150B-21.3A. Periodic review and expiration of existing rules.**

45 (a) Definitions. – For purposes of this section, the following definitions apply:

46 (1) Commission. – Means the Rules Review Commission.

47 (2) Committee. – Means the Joint Legislative Administrative Procedure Oversight
48 Committee.

49 (2a) Necessary rule. – Means any rule other than an unnecessary rule.

50 (3) ~~Necessary with substantive public interest. – Means any rule for which the~~
51 ~~agency has received public comments within the past two years. A rule is also~~

- 1 ~~"necessary with substantive public interest" if the rule affects the property~~
2 ~~interest of the regulated public and the agency knows or suspects that any~~
3 ~~person may object to the rule.~~
- 4 (4) ~~Necessary without substantive public interest. — Means a rule for which the~~
5 ~~agency has not received a public comment concerning the rule within the past~~
6 ~~two years. A "necessary without substantive public interest" rule includes a rule~~
7 ~~that merely identifies information that is readily available to the public, such as~~
8 ~~an address or a telephone number.~~
- 9 (5) Public comment. – Means written comments objecting to the rule, in whole or
10 in part, received by an agency from any member of the public, including an
11 association or other organization representing the regulated community or other
12 members of the public.
- 13 (6) Unnecessary rule. – Means a rule that the agency determines to be obsolete,
14 redundant, or otherwise not needed.
- 15 (b) Automatic Expiration. – Except as provided in subsection (e) of this section, any rule
16 for which the agency that adopted the rule has not conducted a review in accordance with this
17 section shall expire on the date set in the schedule established by the Commission pursuant to
18 subsection (d) of this section.
- 19 (c) Review Process. – Each agency subject to this Article shall conduct a review of the
20 agency's existing rules at least once every 10 years in accordance with the following process:
- 21 (1) Step 1: The agency shall conduct an analysis of each existing rule and make an
22 initial determination as to whether the rule is ~~(i) necessary with substantive~~
23 ~~public interest, (ii) necessary without substantive public interest, or~~
24 ~~(iii) necessary or unnecessary.~~ The agency shall then post the results of the
25 initial determination on its Web site and invite the public to comment on the
26 rules and the agency's initial determination. The agency shall also submit the
27 results of the initial determination to the Office of Administrative Hearings for
28 posting on its Web site. The agency shall accept public comment for no less
29 than 60 days following the posting. The agency shall review the public
30 comments and prepare a brief response addressing the merits of each comment.
31 After completing this process, the agency shall submit a report to the
32 Commission. The report shall include the following items:
- 33 a. The agency's initial determination.
- 34 b. All public comments received in response to the agency's initial
35 determination.
- 36 c. The agency's response to the public comments.
- 37 (2) Step 2: The Commission shall review the reports received from the agencies
38 pursuant to subdivision (1) of this subsection. If a public comment relates to a
39 rule that the agency determined to be ~~necessary and without substantive public~~
40 ~~interest or unnecessary,~~ the Commission shall determine whether the public
41 comment has merit and, if so, designate the rule as ~~necessary with substantive~~
42 ~~public interest.~~ necessary. For purposes of this subsection, a public comment has
43 merit if it addresses the specific substance of the ~~rule and relates to any of the~~
44 ~~standards for review by the Commission set forth in G.S. 150B-21.9(a).rule.~~
45 The Commission shall prepare a final determination report and submit the
46 report to the Committee for consultation in accordance with subdivision (3) of
47 this subsection. The report shall include the following items:
- 48 a. The agency's initial determination.
- 49 b. All public comments received in response to the agency's initial
50 determination.
- 51 c. The agency's response to the public comments.

- 1 d. A summary of the Commission's determinations regarding public
2 comments.
- 3 e. ~~A determination that all rules that the agency determined to be
4 necessary and without substantive public interest and for which no
5 public comment was received or for which the Commission determined
6 that the public comment was without merit be allowed to remain in
7 effect without further action.~~
- 8 f. A determination that all rules that the agency determined to be
9 unnecessary and for which no public comment was received or for
10 which the Commission determined that the public comment was without
11 merit shall expire on the first day of the month following the date the
12 report becomes effective in accordance with this section.
- 13 g. A determination that all rules that the agency determined to be
14 necessary ~~with substantive public interest~~ or that the Commission
15 designated as necessary ~~with public interest as provided in this
16 subdivision~~ shall be readopted as though the rules were new rules in
17 accordance with this Article.
- 18 (3) Step 3: The final determination report shall not become effective until the
19 agency has consulted with the Committee. The determinations contained in the
20 report pursuant to sub-subdivisions ~~e., f., f.~~ and g. of subdivision (2) of this
21 subsection shall become effective on the date the report is reviewed by the
22 Committee. If the Committee does not hold a meeting to hear the consultation
23 required by this subdivision within 60 days of receipt of the final determination
24 report, the consultation requirement is deemed satisfied, and the determinations
25 contained in the report become effective on the 61st day following the date the
26 Committee received the report. If the Committee disagrees with a determination
27 regarding a specific rule contained in the report, the Committee may
28 recommend that the General Assembly direct the agency to conduct a review of
29 the specific rule in accordance with this section in the next year following the
30 consultation.
- 31 (d) Timetable. – The Commission shall establish a schedule for the review and readoption
32 of existing rules in accordance with this section on a decennial basis as follows:
- 33 (1) With regard to the review process, the Commission shall assign each Title of
34 the Administrative Code a date by which the review required by this section
35 must be completed. In establishing the schedule, the Commission shall consider
36 the scope and complexity of rules subject to this section and the resources
37 required to conduct the review required by this section. The Commission shall
38 have broad authority to modify the schedule and extend the time for review in
39 appropriate circumstances. Except as provided in subsections ~~(e) and (e), (e1),~~
40 and (f) of this section, if the agency fails to conduct the review by the date set
41 by the Commission, the rules contained in that Title which have not been
42 reviewed will expire. The Commission shall report to the Committee any
43 agency that fails to conduct the review. The Commission may exempt rules that
44 have been adopted or amended within the previous 10 years from the review
45 required by this section. However, any rule exempted on this basis must be
46 reviewed in accordance with this section no more than 10 years following the
47 last time the rule was amended.
- 48 (2) With regard to the readoption of rules as required by sub-subdivision (c)(2)g. of
49 this section, once the final determination report becomes effective, the
50 Commission shall establish a date by which the agency must readopt the rules.
51 The Commission shall consult with the agency and shall consider the agency's

1 rule-making priorities in establishing the readoption date. The agency may
2 amend a rule as part of the readoption process. If a rule is readopted without
3 substantive change or if the rule is amended to impose a less stringent burden
4 on regulated persons, the agency is not required to prepare a fiscal note as
5 provided by G.S. 150B-21.4.

6 (e) Rules to Conform to or Implement Federal Law. – Rules adopted to conform to or
7 implement federal law shall not expire as provided by this section. The Commission shall report
8 annually to the Committee on any rules that do not expire pursuant to this subsection.

9 (e1) Rules to Protect Inchoate or Accrued Rights of Retirement Systems Members. – Rules
10 deemed by the Boards of Trustees established under G.S. 128-28 and G.S. 135-6 to protect
11 inchoate or accrued rights of members of the Retirement Systems administered by the State
12 Treasurer shall not expire as provided by this section. The Commission shall report annually to the
13 Committee on any rules that do not expire pursuant to this subsection.

14 (f) Other Reviews. – Notwithstanding any provision of this section, an agency may subject
15 a rule that it determines to be unnecessary to review under this section at any time by notifying the
16 Commission that it wishes to be placed on the schedule for the current year. The Commission may
17 also subject a rule to review under this section at any time by notifying the agency that the rule has
18 been placed on the schedule for the current year."

19 **SECTION 4.** This act is effective when it becomes law. Section 3 of this act applies to
20 agency rule reports submitted to the Officer of Administrative Hearings pursuant to
21 G.S. 150B-21.3A(c)(1) on or after May 1, 2017.