GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2019

H D

HOUSE BILL 553

Committee Substitute Favorable 4/11/19 Committee Substitute #2 Favorable 6/5/19 PROPOSED COMMITTEE SUBSTITUTE H553-PCS40481-BH-21

Snort Title: L	icensing Certain Fire Safety Equip. Work.	(Public)
Sponsors:		
Referred to:		
	April 3, 2019	
	A BILL TO BE ENTITLED	
AN ACT TO R	REQUIRE LICENSING AND PERMITTING FOR FIRMS AN	ND PERSONS
	FALL AND SERVICE PORTABLE FIRE EXTINGUISHER	
	ON SYSTEMS.	S THE THE
	sembly of North Carolina enacts:	
	TION 1. Chapter 58 of the General Statutes is amended by adding	g a new Article
to read:	1101(1) Chapter 50 of the General Statutes is unfolded by adding	5 a new 1 maiore
10 10 10 10 10 10 10 10 10 10 10 10 10 1	"Article 82B.	
"Licensing and	Permitting for the Installation and Servicing of Portable Fire Ext	inguishers and
	Fire Suppression Systems.	<u></u>
"§ 58-82B-1. De	· · · · · · · · · · · · · · · · · ·	
	g definitions apply in this Article:	
(1)	Alarm system contractor. – A person or firm licensed under C	Chapter 74D of
	the General Statutes.	_
<u>(2)</u>	Commissioner The North Carolina Commissioner of Insuran	nce.
<u>(3)</u>	Electrical contractor. – A person or firm licensed under Articl	e 4 of Chapter
	87 of the General Statutes.	
<u>(4)</u>	Engineered special hazard fire suppression system. – A fire	re suppression
	system having pipe lengths, number of fittings, number and ty	
	suppression agent flow rates, and nozzle pressures calcula	ated based on
	appropriate standards of the National Fire Protection As	ssociation. An
	engineered special hazard fire suppression system may	
	components, including, but not limited to, detection devices,	
	and control devices as tested and approved by a nationally reco	
	laboratory, where the component's manufacturer determines the	e component is
	compatible with the fire suppression system.	
<u>(5)</u>	Fire sprinkler contractor. – A person or firm licensed under	er Article 2 of
	Chapter 87 of the General Statutes.	•
<u>(6)</u>	Fire suppression system. – A firefighting system employing	
	agent with the purpose of controlling, suppressing, or extinguis	-
	specific hazard, and includes an engineered special hazard fi	
	system, an industrial fire suppression system, and a kitchen fi	re suppression
	system	



Article. If required, the applicant must take and pass the examination according to requirements prescribed by the Commissioner.

"§ 58-82B-3. License requirement.

- (a) <u>License Required. Except as otherwise provided in subsection (d) of this section, no firm may install, inspect, repair, recharge, service, or test a fire suppression system or a portable fire extinguisher that is required by the Commissioner's rules or by other State or local fire safety rules unless the firm is licensed under this section.</u>
- (b) Requirements. In order to issue a license under this section, the Commissioner shall find that a firm has done all of the following:
 - (1) Submitted a completed application and paid the applicable fees.
 - (2) Not committed an act that is a ground for denial, suspension, probation, revocation, or nonrenewal set forth in G.S. 58-82B-8.
 - (3) Been determined, by inspection of the Commissioner, to possess the equipment required for the activities the applicant requests to be licensed to perform. If the applicant includes in the request the high-pressure hydrostatic testing of equipment, the applicant must submit a copy of its United States Department of Transportation approval and renewals.
 - (4) Submitted to the Commissioner proof of a valid comprehensive liability insurance policy purchased from an insurer authorized to do business in North Carolina. The coverage must include bodily injury and property damage, products liability, completed operations, and contractual liability. The proof of insurance must also be provided before any license can be renewed. The minimum amount of the coverage shall be one million dollars (\$1,000,000). An insurer that provides this coverage shall notify the Commissioner of any change in coverage.
 - (5) Paid a nonrefundable fee fixed by rule of the Commissioner when filing an application for an examination, if the Commissioner requires an examination pursuant to this Article.
 - (6) Successfully passed any examination, if the Commissioner requires an examination pursuant to this Article.
- (c) Application. A firm applying for a license under this section shall apply on a form prescribed by the Commissioner and declare under penalty of denial, suspension, or revocation of the license that the statements made in the application are true, correct, and complete to the best of the applicant's knowledge and belief. The Commissioner shall give an applicant 60 days to correct any deficiencies in the application.
 - (d) Exemptions. This section does not apply to the following:
 - (1) A fire chief, fire marshal, fire inspector, or insurance company inspector with regard to the routine visual inspection of a fire suppression system or portable fire extinguisher.
 - (2) An alarm system contractor, electrical contractor, fire sprinkler contractor, or plumbing contractor while performing activities governed by the licensure requirements of those occupational licenses, provided that licensure or permitting under this Article is required for any work performed on any portion of a fire suppression system beyond the point of connection to a system required to be performed by an alarm system contractor, electrical contractor, fire sprinkler contractor, or plumbing contractor.
- (e) Notification of Changes. A licensee shall notify the Commissioner within 30 days of any change to the information provided to the Commissioner on the license application.
- (f) Production of License. A licensee must be able to produce a valid license upon demand by the Commissioner or the Commissioner's representatives, or by any local authority

 having jurisdiction for fire protection or prevention, or by any person for whom the licensee or permittee solicits to perform any of the activities covered by this Article.

"§ 58-82B-4. Permit requirement.

- (a) Permit Required. Except as otherwise provided in subsection (e) of this section, no person may install, inspect, repair, recharge, service, or test a fire suppression system or a portable fire extinguisher that is required by the Commissioner's rules or by other State or local fire safety rules unless the person is permitted under this section. In order to obtain a permit under this section, a person must be certified to install, inspect, repair, recharge, service, or test one or more of the systems or devices listed in this subsection, and the permit must indicate, on its face, each of the systems or devices for which the person is being permitted. The systems or devices are:
 - (1) Portable fire extinguishers.
 - (2) Pre-engineered kitchen fire suppression systems.
 - (3) Pre-engineered industrial fire suppression systems.
 - (4) Engineered special hazard fire suppression systems.
- (b) Requirements. Before approving a permit for a person, the Commissioner shall find that the person has:
 - (1) Submitted a completed application and paid the applicable fees.
 - (2) <u>Identified a validly licensed firm for whom the applicant will be performing work as a permittee pursuant to this Article.</u>
 - (3) Not committed an act that is a ground for denial, suspension, probation, revocation, or nonrenewal set forth in G.S. 58-82B-8.
 - (4) Satisfied all requirements of this Article.
 - (5) Paid a nonrefundable fee fixed by rule of the Commissioner when filing an application for an examination, if the Commissioner requires an examination pursuant to this Article.
 - (6) Successfully passed any examination, if the Commissioner requires an examination pursuant to this Article.
- (c) Application. A person applying for a permit shall apply on a form prescribed by the Commissioner and declare under penalty of denial, suspension, or revocation of the permit that the statements made in the application are true, correct, and complete to the best of the person's knowledge and belief. A permit application shall include the name of the licensee employing the applicant. The Commissioner shall give an applicant 60 days to correct any deficiencies in the application.
- (d) Form of Permit. A permit shall indicate the systems or devices for which the permittee is certified to install, inspect, repair, recharge, service, or test. A permittee may not install, inspect, repair, recharge, service, or test any system or device that is not indicated on the permit.
 - (e) Exemptions. This section does not apply to the following:
 - (1) A fire chief, fire marshal, fire inspector, or insurance company inspector with regard to the routine visual inspection of a fire suppression system or portable fire extinguisher.
 - An alarm system contractor, electrical contractor, fire sprinkler contractor, or plumbing contractor while performing activities governed by the licensure requirements of those occupational licenses, provided that licensure or permitting under this Article is required for any work performed on any portion of a fire suppression system beyond the point of connection to a system required to be performed by an alarm system contractor, electrical contractor, fire sprinkler contractor, or plumbing contractor.
 - (3) A person who does any of the activities listed in this subdivision with respect to a fire suppression system or a portable fire extinguisher that is owned and

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already installed on property controlled by a firm or governmental entity for whom the person is employed. However, nothing in this subdivision exempts a firm or governmental entity from complying with the licensing requirements of this Article. The activities are:

- <u>a.</u> <u>Making minor repairs or minor replacements.</u>
- b. Performing routine visual inspections.
- c. Recharging, servicing, or testing.
- (f) Notification of Changes. A permittee shall notify the Commissioner within 30 days of any change to the information provided to the Commissioner on the permit application.
 - (g) Production of Permit. A permittee must:
 - (1) Have a valid permit upon the permittee's person at all times while engaging in the installing, inspecting, recharging, repairing, servicing, or testing of fire suppression systems or portable fire extinguishers.
 - (2) Be able to produce a valid permit, as appropriate, upon demand by the Commissioner or the Commissioner's representatives, or by any local authority having jurisdiction for fire protection or prevention, or by any person for whom the permittee solicits to perform any of the activities covered by this Article.

"§ 58-82B-5. Terms of licenses and permits; fees; failure to renew.

(a) Fees. – The Commissioner shall charge an applicant for a license or permit issued under this Article the nonrefundable fees listed in this section. A license or permit issued under this Article shall expire on December 31 of each year. A firm or person that is licensed or permitted under this Article shall annually, on or before December 31 of each year, renew the license or permit and pay the required renewal fee. A permittee must also renew each certification for which the permittee is certified. The fees required by this section do not apply to an employee of the federal government, the State, a local government, or to a member of a legally organized fire department while acting in the member's official capacity. The fees are:

<u>Issuance of license</u>	\$375.00
License renewal.	+

30 <u>Issuance of permit</u>
31 Portable fire exting

Portable fire extinguisher certification fee	\$285. <u>00</u>
Pre-engineered kitchen fire suppression system certification fee	\$285.00
Pre-engineered industrial fire suppression system certification fee	\$285.00
Engineered special hazard fire suppression system certification fee	\$285.00

Permit renewal

Portable fire extinguisher certification renewal fee \$175.00
Pre-engineered kitchen fire suppression system certification renewal fee\$175.00
Pre-engineered industrial fire suppression system certification renewal fee\$175.00
Engineered special hazard fire suppression system certification renewal fee\$175.00

(b) Failure to Renew. – The failure to renew a license or permit by December 31 of each year shall cause the license or permit to become inoperative. A license or permit that is inoperative because of the failure to renew the license or permit shall be restored upon payment of the applicable fee, plus a penalty equal to the applicable fee, if the fee and penalty are paid within 90 days of expiration. After 90 days, a former licensee or former permittee must apply for a new license or permit as required for an initial license or permit.

"§ 58-82B-6. Reciprocity.

The Commissioner may issue a license or permit under this Article to a firm or person who holds a comparable valid permit, license, or certification issued by another state, provided the minimum requirements of that state are at least equal to the minimum requirements under this Article for the specific license or permit issued and the firm or the person pays the application and filing fees required under this Article.

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"§ 58-82B-7. Tags required.

It is unlawful for a person to install, inspect, recharge, repair, service, or test a fire suppression system or a portable fire extinguisher without attaching the required tag or tags completed in detail, including the actual month, day, and year the work was performed, or to use a tag not meeting the specifications set forth by the Commissioner.

"§ 58-82B-8. Grounds for denial, suspension, probation, revocation, or nonrenewal of a license or permit.

The Commissioner may deny, suspend, place on probation, revoke, or refuse to renew a license or permit under this Article, in accordance with the provisions of Article 3A of Chapter 150B of the General Statutes, for the following reasons:

- (1) Performing any action for which a license or permit is required under this Article without having first obtained such license or permit.
- (2) <u>Improperly installing, recharging, repairing, servicing, inspecting, or testing a</u> portable fire extinguisher or fire suppression system.
- (3) Rendering inoperative a fire suppression system or portable fire extinguisher covered by this Article, except during the time the extinguisher or system is being inspected, recharged, repaired, serviced, or tested or except pursuant to court order.
- (4) <u>Material misstatement, misrepresentation, or fraud in obtaining a license or permit under this Article.</u>
- (5) Failing to provide proof of or maintain the minimum comprehensive liability insurance coverage as set forth in G.S. 58-82B-3.
- (6) Failing to notify the Commissioner, in writing, within 30 days after a change of any information required on applications under G.S. 58-82B-3 and G.S. 58-82B-4.
- (7) Cheating on an examination for a license or permit, if an examination is required by the Commissioner pursuant to this Article.
- (8) Having any professional license denied, suspended, or revoked in this State or any other jurisdiction for causes substantially similar to those listed in this section.
- (9) Failing or refusing to comply with a cease and desist order or any other notice or order to correct a violation related to conduct governed by this Article.
- (10) Retaining an officer, director, stockholder, owner, or person who has a direct or indirect interest that has had his or her license or permit suspended or revoked under this Article.
- (11) Serving or previously serving as an officer, director, stockholder, or owner of a firm whose license has been suspended or revoked under this Article, or who has or had a direct or indirect interest in a firm whose license has been suspended or revoked under this Article.
- (12) While holding a license or permit, using a license or permit, or license number or permit number other than his or her own valid license or permit, or license number or permit number.
- (13) <u>Using credentials, methods, means, or practices to impersonate a representative of the Commissioner or the State Fire Marshal or any local fire chief, fire marshal, or other fire authority having jurisdiction.</u>
- (14) A cause for which the issuance of the license or permit could have been denied had it been known to the Commissioner at the time of issuance.
- (15) Failing to obtain, retain, or maintain one or more of the qualifications for a license or permit required by this Article.
- (16) Knowingly aiding or abetting others to evade or violate the provisions of this Article.

1 (17) Conviction of a felony.

- (18) Violating any other provision of this Article or any rule or regulation adopted and promulgated pursuant to this Article.
- (19) A cause sufficient to deny, suspend, or revoke the license or permit under any other provision of this Article.

"§ 58-82B-9. License or permit sanction and denial procedures.

- (a) <u>Authority. The suspension, placing on probation, revocation, denial, or refusal to renew a license or permit under this Article shall be in accordance with the provisions of Chapter 150B of the General Statutes.</u>
- (b) Notice of Denial. Whenever the Commissioner denies an initial application or an application for a reissuance of a license or permit under this Article, the Commissioner, no later than 30 days after denial, shall notify the applicant in writing of the reasons for the denial of the license or permit. The applicant may also be denied for any reasons for which a license or permit may be suspended or revoked or not renewed under G.S. 58-82B-8.
- (c) Review. In order for an applicant to be entitled to a review of the Commissioner's action to determine the reasonableness of the action, the applicant must make a written demand upon the Commissioner for a review no later than 30 days after service of the notification upon the applicant. The review shall be completed without undue delay, and the applicant shall be notified in writing no later than 120 days after receipt by the Commissioner of the written demand by the applicant of the outcome of the review.
- (d) Hearing. In order for an applicant who disagrees with the outcome of the review to be entitled to a hearing under Article 3A of Chapter 150B of the General Statutes, the applicant must make a written demand upon the Commissioner for a hearing no later than 30 days after service upon the applicant of the notification of the outcome.
- (e) Surrender of License or Permit. A licensee or permittee whose license or permit is suspended, revoked, or not renewed shall surrender the license or permit to the Commissioner within 30 days of the suspension, revocation, or nonrenewal.
- (f) <u>Limitations During Suspension or Revocation. The following limitations apply during a period of suspension or revocation:</u>
 - A licensee or permittee whose license or permit has been suspended or revoked shall not engage in or attempt or profess to engage in any transaction or business for which a license or permit is required under this Article or directly or indirectly own, control, or be employed in any manner by any firm for which a license or permit under this Article is required.
 - (2) If, during the period between the beginning of proceedings and the entry of an order of suspension or revocation by the Commissioner, a new license or permit has been issued to the firm or person charged, the order of suspension or revocation shall operate to suspend or revoke, as the case may be, the new license or permit held by the firm or person.
 - (3) The Commissioner shall not, so long as the revocation or suspension remains in effect, issue a new license for the establishment of a new firm that has or will have the same or similar management, ownership, control, employees, or permittees, or will use the same or a similar name as the revoked or suspended firm.

"§ 58-82B-10. Cease and desist orders; period of revocation.

- (a) Authority. Whenever the Commissioner has reason to believe that a person or firm is or has been violating any provisions of this Article, the Commissioner may issue and deliver to the person or firm an order to cease and desist the violation.
- (b) Notice and Hearing. An order issued by the Commissioner under this section shall contain or be accompanied by a notice of opportunity for hearing which may provide that a hearing will be held if, and only if, a person or firm subject to the order requests a hearing within

30 days of receipt of the order and notice. The Commissioner shall serve the order and notice by hand delivery or by registered or certified mail.

(c) Failure to Comply. – Failure to comply with a cease and desist order is cause for revocation of any or all permits and licenses issued by the Commissioner for a period of not less than six months and not to exceed five years. If a new permit or license has been issued to the firm or person, the order of revocation shall operate effectively with respect to the new permits and licenses held by the firm or person.

"§ 58-82B-11. Civil penalty; injunction.

- (a) Civil Penalty. A person or firm who violates any provision of this Article, or any rule or order issued by the Commissioner under this Article is subject to a civil penalty imposed by the Commissioner of not more than one thousand dollars (\$1,000) for a first offense, not less than one thousand dollars (\$1,000) and not more than two thousand dollars (\$2,000) for a second offense, and not less than two thousand dollars (\$2,000) or more than five thousand dollars (\$5,000) for a third or subsequent offense. The clear proceeds of a civil penalty assessed under this section shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.
- (b) Notice. Prior to subjecting a person or firm to a penalty under this subsection, the Commissioner shall give written notice of the violation to the person or firm by hand delivery or by registered or certified mail. No later than 30 days after written notice is given under this section, the Commissioner shall issue an order. The order must be delivered in accordance with the provisions of subsection G.S. 58-82B-10(b) and must notify the person or firm of the right to a hearing only if that person or firm requests a hearing within 30 days of receipt of the order.
- (c) <u>Civil Action. In addition to other powers granted to the Commissioner under this Article, the Commissioner may bring a civil action to enjoin a violation of any provision of this Article or of any rule or order issued by the Commissioner under this Article.</u>

"§ 58-82B-12. Criminal penalty.

It is a Class 1 misdemeanor to willfully or intentionally do any of the following:

- (1) Obliterate the serial number on a fire suppression system or portable fire extinguisher for the purpose of falsifying service records.
- (2) Improperly install a fire suppression system or improperly recharge, repair, service, or test any fire suppression system or portable fire extinguisher.
- (3) While holding a license or permit, allow another firm or person to use the permit or license, or permit number or license number.
- (4) Use a license or permit, or license number or permit number, belonging to another firm or person.
- (5) Use any credential, method, means, or practice to impersonate a representative of the Commissioner or the State Fire Marshal or any local fire chief, fire marshal, or other fire authority having jurisdiction.
- (6) Engage in the business of installing, inspecting, recharging, repairing, servicing, or testing portable fire extinguishers or fire suppression systems, except in conformity with the provisions of this Article and the applicable rules and regulations of the Commissioner.
- (7) Fail to comply with a cease and desist order under G.S. 58-82B-11.

"§ 58-82B-13. Power of the State and local governments to regulate not limited.

- (a) Nothing in this Article limits the power of the State or a unit of local government to require the submission and approval of plans and specifications or to regulate the quality and character of work performed by any person, firm, or governmental entity, for the protection of the public health and safety.
- (b) No unit of local government shall impose any other requirements on firms or persons licensed or permitted by the Commissioner as set forth in this Article to prove competency to conduct any activity covered by the license or permit."

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Article is receipt-supported. **SECTION 3.** The Department of Insurance may adopt temporary rules to implement the provisions of this Article. Any temporary rules adopted in accordance with this section shall remain in effect until permanent rules that replace the temporary rules become effective. **SECTION 4.** This act becomes effective January 1, 2020.

SECTION 2. The Department of Insurance shall report to the Joint Legislative

Administrative Procedure Oversight Committee no later than October 1, 2020, with information

indicating how many licenses and permits have been issued since the implementation of this

Article and any issues relevant to the regulation of activities under Article 82B of Chapter 58 of

the General Statutes, and may make any recommendations as to whether the license or permit

fees established in this Article need to be adjusted so that the continued administration of this