

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 402

Short Title: NC REINS Act. (Public)

Sponsors: Representatives Chesser, Bell, Zenger, and Schietzelt (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Regulatory Reform, if favorable, Judiciary 1, if favorable, Commerce and
Economic Development, if favorable, Rules, Calendar, and Operations of the
House

March 17, 2025

A BILL TO BE ENTITLED
AN ACT TO ENACT THE REGULATIONS FROM THE EXECUTIVE IN NEED OF
SCRUTINY ACT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 150B-21.3 reads as rewritten:

"§ 150B-21.3. Effective date of rules.

(a) Temporary and Emergency Rules. – A temporary rule or an emergency rule becomes effective on the date the Codifier of Rules enters the rule in the North Carolina Administrative Code.

(b) Permanent Rule. – A permanent rule approved by the Commission becomes effective on the first day of the month following the month the rule is approved by the Commission, unless (i) the Commission received written objections to the rule in accordance with subsection (b2) of this section, section, (ii) the rule would have an aggregate economic impact on all persons affected of at least one million dollars (\$1,000,000) as calculated under G.S. 150B-21.4(b1)(3a) in a 12-month period and requires ratification by the General Assembly pursuant to subsection (b3) of this section, or (iii) unless the agency that adopted the rule specifies a later effective date.

(b1) Delayed Effective Dates. – Except as provided in G.S. 14-4.1, if the Commission received written objections to the rule in accordance with subsection (b2) of this section, the rule becomes effective on the earlier of the thirty-first legislative day or the day of adjournment of the next regular session of the General Assembly that begins at least 25 days after the date the Commission approved the rule, unless a different effective date applies under this section. If a bill that specifically disapproves the rule is introduced in either house of the General Assembly before the thirty-first legislative day of that session, the rule becomes effective on the earlier of either the day an unfavorable final action is taken on the bill or the day that session of the General Assembly adjourns without ratifying a bill that specifically disapproves the rule. If the agency adopting the rule specifies a later effective date than the date that would otherwise apply under this subsection, the later date applies. A permanent rule that is not approved by the Commission or that is specifically disapproved by a bill enacted into law before it becomes effective does not become effective.

A bill specifically disapproves a rule if it contains a provision that refers to the rule by appropriate North Carolina Administrative Code citation and states that the rule is disapproved. Notwithstanding any rule of either house of the General Assembly, any member of the General Assembly may introduce a bill during the first 30 legislative days of any regular session to



disapprove a rule that has been approved by the Commission and that either has not become effective or has become effective by executive order under subsection (c) of this section.

(b2) Objection. – Any person who objects to the adoption of a permanent rule may submit written comments to the agency. If the objection is not resolved prior to adoption of the rule, a person may submit written objections to the Commission. If the Commission receives written objections from 10 or more persons, no later than 5:00 P.M. of the day following the day the Commission approves the rule, clearly requesting review by the legislature in accordance with instructions posted on the agency's Web site pursuant to G.S. 150B-19.1(c)(4), and the Commission approves the rule, the rule will become effective as provided in subsection (b1) of this section. The Commission shall notify the agency that the rule is subject to legislative disapproval on the day following the day it receives 10 or more written objections. If the Commission receives objections from 10 or more persons clearly requesting review by the legislature, and the rule objected to is one of a group of related rules adopted by the agency at the same time, the agency that adopted the rule may cause any of the other rules in the group to become effective as provided in subsection (b1) of this section by submitting a written statement to that effect to the Codifier of Rules before the other rules become effective. A rule that requires ratification by the General Assembly pursuant to subsection (b3) of this section shall not be subject to this subsection.

(b3) Rules with Substantial Economic Impact. –

(1) A permanent rule that would have an aggregate economic impact on all persons affected of at least one million dollars (\$1,000,000) as calculated under G.S. 150B-21.4(b1)(3a) in a 12-month period shall become effective only if the General Assembly ratifies a bill to approve the rule. If a bill that specifically approves the rule is ratified by the General Assembly, the rule shall become effective on the later of (i) the first day of the month following the month that the bill ratifying the rule becomes effective or (ii) the date specified by the agency adopting the rule.

(2) Notwithstanding any rule of either house of the General Assembly, any member of the General Assembly may introduce a bill during any regular or special session to approve a rule upon the earlier of the following:

a. The day following the day that the Joint Legislative Administrative Procedure Oversight Committee has reviewed the rule and made a favorable or unfavorable recommendation to the General Assembly.

b. Sixty days after the Joint Legislative Administrative Procedure Oversight Committee receives the rule from the Commission, if the Joint Legislative Administrative Procedure Oversight Committee has not made a favorable or unfavorable recommendation to the General Assembly.

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SECTION 2. G.S. 150B-21.4(b1) reads as rewritten:

"(b1) Substantial Economic Impact. – Before an agency publishes in the North Carolina Register the proposed text of a permanent rule change that would have a substantial economic impact and that is not identical to a federal regulation that the agency is required to adopt, the agency shall prepare a fiscal note for the proposed rule change and have the note approved by the Office of State Budget and Management. The agency must also obtain from the Office a certification that the agency adhered to the regulatory principles set forth in G.S. 150B-19.1(a)(2), (5), and (6). The agency may request the Office of State Budget and Management to prepare the fiscal note only after, working with the Office, it has exhausted all resources, internal and external, to otherwise prepare the required fiscal note. If an agency requests the Office of State Budget and Management to prepare a fiscal note for a proposed rule change, that Office must prepare the note within 90 days after receiving a written request for the

note. If the Office of State Budget and Management fails to prepare a fiscal note within this time period, the agency proposing the rule change shall prepare a fiscal note. A fiscal note prepared in this circumstance does not require approval of the Office of State Budget and Management.

If an agency prepares the required fiscal note, the agency must submit the note to the Office of State Budget and Management for review. The Office of State Budget and Management shall review the fiscal note within 14 days after it is submitted and either approve the note or inform the agency in writing of the reasons why it does not approve the fiscal note. After addressing these reasons, the agency may submit the revised fiscal note to that Office for its review. If an agency is not sure whether a proposed rule change would have a substantial economic impact, the agency shall ask the Office of State Budget and Management to determine whether the proposed rule change has a substantial economic impact. Failure to prepare or obtain approval of the fiscal note as required by this subsection shall be a basis for objection to the rule under G.S. 150B-21.9(a)(4).

As used in this subsection, the term "substantial economic impact" means an aggregate financial impact on all persons affected of at least one million dollars (\$1,000,000) in a 12-month period. In analyzing substantial economic impact, an agency shall do the following:

- (1) Determine and identify the appropriate time frame of the analysis.
- (2) Assess the baseline conditions against which the proposed rule is to be measured.
- (3) Describe the persons who would be subject to the proposed rule and the type of expenditures these persons would be required to make.
- (3a) Estimate the combined cost of the baseline conditions and the proposed rule. The analysis should include direct costs as well as opportunity costs. Cost estimates must be monetized to the greatest extent possible. Where costs are not monetized, they must be listed and described.
- (4) Estimate any additional costs that would be created by implementation of the proposed rule by measuring the incremental difference between the baseline and the future condition expected after implementation of the rule. The analysis should include direct costs as well as opportunity costs. Cost estimates must be monetized to the greatest extent possible. Where costs are not monetized, they must be listed and described.
- (5) For costs that occur in the future, the agency shall determine the net present value of the costs by using a discount factor of seven percent (7%)."

SECTION 3. G.S. 150B-21.11 reads as rewritten:

"§ 150B-21.11. Procedure when Commission approves permanent rule.

(a) When the Commission approves a permanent rule, it must notify the agency that adopted the rule of the Commission's approval, and deliver the approved rule to the Codifier of Rules.

(b) If the approved rule will increase or decrease expenditures or revenues of a unit of local government, the Commission must also notify the Governor of the Commission's approval of the rule and deliver a copy of the approved rule to the Governor by the end of the month in which the Commission approved the rule.

(c) If the approved rule would have an aggregate economic impact on all persons affected of at least one million dollars (\$1,000,000) as calculated under G.S. 150B-21.4(b1)(3a) in a 12-month period, the Rules Review Commission shall notify the cochair of the Joint Legislative Administrative Procedure Oversight Committee that the rule was approved.

SECTION 4. G.S. 120-70.101 reads as rewritten:

"§ 120-70.101. Purpose and powers of Committee.

The Joint Legislative Administrative Procedure Oversight Committee has the following powers and duties:

- (1) To review rules to which the Rules Review Commission has objected to determine if statutory changes are needed to enable the agency to fulfill the intent of the General Assembly.
- (2) To receive reports prepared by the Rules Review Commission containing the text and a summary of each rule approved by the Commission.
- (3) Repealed by Session Laws 2009-125, s. 1, effective October 1, 2009.
- (3a) To review the activities of State occupational licensing boards to determine if the boards are operating in accordance with statutory requirements and if the boards are still necessary to achieve the purposes for which they were created. This review shall not include decisions concerning board personnel matters or determinations on individual licensing applications or individual disciplinary actions.
- (4) To review State regulatory programs to determine if the programs overlap, have conflicting goals, or could be simplified and still achieve the purpose of the regulation.
- (5) To review existing rules to determine if the rules are necessary or if the rules can be streamlined.
- (5a) To review and make recommendations on whether the General Assembly should ratify rules that would have an aggregate economic impact on all persons affected of at least one million dollars (\$1,000,000) as calculated under G.S. 150B-21.4(b1)(3a) in a 12-month period, pursuant to G.S. 150B-21.3(b3). The Committee shall review a rule and make a recommendation within 60 days of receiving the rule from the Commission.
- (6) To review the rule-making process to determine if the procedures for adopting rules give the public adequate notice of and information about proposed rules.
- (7) To review any other concerns about administrative law to determine if statutory changes are needed.
- (8) To report to the General Assembly from time to time concerning the Committee's activities and any recommendations for statutory changes."

SECTION 5. This act is effective when it becomes law and applies to rules adopted on or after that date.