

**NORTH CAROLINA OFFICE OF ADMINISTRATIVE HEARINGS**

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**LEGISLATIVE OVERVIEW**  
**For**  
**JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT**

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## LEGISLATIVE OVERVIEW

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NORTH CAROLINA OFFICE OF ADMINISTRATIVE HEARINGS

**Statutory Authority**

G.S. 150B 1-37 -Administrative Procedure Act  
G.S. 7A-750-759 - Office of Administrative Hearings  
G.S. 143B-30.I - Rules Review Commission

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**CHAPTER 150B  
OF THE  
GENERAL STATUTES OF NORTH CAROLINA**

[The following excerpt contains the statutory provisions of the Administrative Procedure Act as amended by Session Law 2010-70; Session Law 2010-169 - OAH Revised 8/4/10]

Article 1.  
General Provisions.

**§ 150B-1. Policy and scope.**

(a) Purpose. -- This Chapter establishes a uniform system of administrative rule making and adjudicatory procedures for agencies. The procedures ensure that the functions of rule making, investigation, advocacy, and adjudication are not all performed by the same person in the administrative process.

(b) Rights. -- This Chapter confers procedural rights.

(c) Full Exemptions. -- This Chapter applies to every agency except:

- (1) The North Carolina National Guard in exercising its court-martial jurisdiction.
- (2) The Department of Health and Human Services in exercising its authority over the Camp Butner reservation granted in Article 6 of Chapter 122C of the General Statutes.
- (3) The Utilities Commission.
- (4) The Industrial Commission.
- (5) The Employment Security Commission.
- (6) The State Board of Elections in administering the HAVA Administrative Complaint Procedure of Article 8A of Chapter 163 of the General Statutes.
- (7) The North Carolina State Lottery.
- (8) Except as provided in G.S. 150B-21.1B, any agency with respect to contracts, disputes, protests, and/or claims arising out of or relating to the implementation of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5).

(d) Exemptions From Rule Making. -- Article 2A of this Chapter does not apply to the following:

- (1) The Commission.
- (2) Repealed by Session Laws 2000-189, s. 14 effective July 1, 2000.
- (3) Repealed by Session Laws 2001-474, s. 34 effective November 29, 2001.
- (4) The Department of Revenue, with respect to the notice and hearing requirements contained in Part 2 of Article 2A.
- (5) The North Carolina Global TransPark Authority with respect to the acquisition, construction, operation, or use, including fees or charges, of any portion of a cargo airport complex.
- (6) The Department of Correction, with respect to matters relating solely to persons in its custody or under its supervision, including prisoners, probationers, and parolees.
- (7) The State Health Plan for Teachers and State Employees in administering the provisions of Article 3A of Chapter 135 of the General Statutes.

- (8) The North Carolina Federal Tax Reform Allocation Committee, with respect to the adoption of the annual qualified allocation plan required by 26 U.S.C. § 42(m), and any agency designated by the Committee to the extent necessary to administer the annual qualified allocation plan.
- (9) The Department of Health and Human Services in adopting new or amending existing medical coverage policies under the State Medicaid Program.
- (10) The Economic Investment Committee in developing criteria for the Job Development Investment Grant Program under Part 2F of Article 10 of Chapter 143B of the General Statutes.
- (11) The North Carolina State Ports Authority with respect to fees established pursuant to G.S. 143B-454(a)(11).
- (12) The Department of Commerce and the Economic Investment Committee in developing criteria and administering the Site Infrastructure Development Program under G.S. 143B-437.02.
- (13) The Department of Commerce and the Governor's Office in developing guidelines for the One North Carolina Fund under Part 2H of Article 10 of Chapter 143B of the General Statutes.
- (14) The Community Colleges System Office in developing guidelines for the Community College Facilities and Equipment Fund.
- (15) Repealed by Session Laws 2009-445, s. 41.(b) effective August 4, 2009.
- (16) The State Ethics Commission with respect to Chapter 138A and Chapter 120C of the General Statutes.
- (17) The Department of Commerce in developing guidelines for the NC Green Business Fund under Part 2B of Article 10 of Chapter 143B of the General Statutes.
- (18) The Department of Commerce and the Economic Investment Committee in developing criteria and administering the Job Maintenance and Capital Development Fund under G.S. 143B-437.012.
- (19) The Community Colleges System Office in developing criteria and guidelines administering the Customized Training Program under G.S. 115D-5.1."

(e) Exemptions From Contested Case Provisions. -- The contested case provisions of this Chapter apply to all agencies and all proceedings not expressly exempted from the Chapter. The contested case provisions of this Chapter do not apply to the following:

- (1) The Department of Health and Human Services and the Department of Environment and Natural Resources in complying with the procedural safeguards mandated by Section 680 of Part H of Public Law 99-457 as amended (Education of the Handicapped Act Amendments of 1986).

- (2) Repealed by Session Laws 1993 c. 501, s. 29, effective July 23, 1993.
- (3) Repealed by Session Laws 2001-474, s. 35, effective November 29, 2001.
- (4) Repealed by Session Laws 2001-474, s. 35, effective November 29, 2001.
- (5) Hearings required pursuant to the Rehabilitation Act of 1973, (Public Law 93-122), as amended and federal regulations promulgated thereunder. G.S. 150B-51(a) is considered a contested case hearing provision that does not apply to these hearings.
- (6) The Department of Revenue. Repealed by S.L. 2007-491 effective 1/1/2008.
- (7) The Department of Correction.
- (8) The Department of Transportation, except as provided in G.S. 136-29.
- (9) The North Carolina Occupational Safety and Health Review Commission.
- (10) The North Carolina Global TransPark Authority with respect to the acquisition, construction, operation, or use, including fees or charges, of any portion of a cargo airport complex.
- (11) Hearings that are provided by the Department of Health and Human Services regarding the eligibility and provision of services for eligible assaultive and violent children, as defined in G.S. 122C-3(13aa) shall be conducted pursuant to the provisions outlined in G.S. 122C, Article 4, Part 7.
- (12) The North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan with respect to disputes involving the performance, terms, or conditions of a contract between the Plan and an entity under contract with the Plan.
- (13) The Teachers' and State Employees' Comprehensive Major Medical Plan with respect to determinations by the Executive Administrator and Board of Trustees, the Plan's designated utilization review organization, or a self-funded health maintenance organization under contract with the Plan that an admission, availability of care, continued stay, or other health care service has been reviewed and, based upon the information provided, does not meet the Plan's requirements for medical necessity, appropriateness, health care setting, or level of care or effectiveness, and the requested service is therefore denied, reduced, or terminated.
- (14) The Department of Crime Control and Public Safety for hearings and appeals authorized under Chapter 20 of the General Statutes.
- (15) The Wildlife Resources Commission with respect to determinations of whether to authorize or terminate the authority of a person to sell licenses and permits as a license agent of the Wildlife Resources Commission.

- (16) The Department of Health and Human Services with respect to contested cases commenced by (i)

Medicaid providers appealing a denial or reduction in reimbursement for community support services, and (ii) community support services providers appealing decisions by the LME to deny or withdraw the provider's endorsement.

- (17) The Department of Health and Human Services with respect to the review of North Carolina Health Choice Program determinations regarding delay, denial, reduction, suspension, or termination of health services, in whole or in part, including a determination about the type or level of services.

(f) Exemption for the University of North Carolina. -- Except as provided in G.S. 143-135.3, no Article in this Chapter except Article 4 applies to the University of North Carolina.

**§ 150B-2. Definitions.**

As used in this Chapter,

- (1) "Administrative law judge" means a person appointed under G.S. 7A-752, 7A-753, or 7A-757.
- (1a) "Agency" means an agency or an officer in the executive branch of the government of this State and includes the Council of State, the Governor's Office, a board, a commission, a department, a division, a council, and any other unit of government in the executive branch. A local unit of government is not an agency.
- (1b) "Adopt" means to take final action to create, amend, or repeal a rule.
- (1c) "Codifier of Rules" means the Chief Administrative Law Judge of the Office of Administrative Hearings or a designated representative of the Chief Administrative Law Judge.
- (1d) "Commission" means the Rules Review Commission.
- (2) "Contested case" means an administrative proceeding pursuant to this Chapter to resolve a dispute between an agency and another person that involves the person's rights, duties, or privileges, including licensing or the levy of a monetary penalty. "Contested case" does not include rulemaking, declaratory rulings, or the award or denial of a scholarship, a grant, or a loan.
- (2a) Repealed by Session Laws 1991, c. 418, s. 3, effective October 1, 1991.
- (2b) "Hearing officer" means a person or group of persons designated by an agency that is subject to Article 3A of this Chapter to preside in a contested case hearing conducted under that Article.
- (3) "License" means any certificate, permit or other evidence, by whatever name called, of a right or privilege to engage in any activity, except licenses issued under Chapter 20 and Subchapter I of Chapter 105 of the General Statutes and occupational licenses.
- (4) "Licensing" means any administrative action issuing, failing to issue, suspending, or revoking a license or occupational license. "Licensing" does not include controversies over whether an examination was fair or whether the applicant passed the examination.
- (4a) "Occupational license" means any certificate, permit, or other evidence, by whatever name called, of a right or privilege to engage in a profession, occupation, or field of endeavor that is issued by an occupational licensing agency.



- (4b) "Occupational licensing agency" means any board, commission, committee or other agency of the State of North Carolina which is established for the primary purpose of regulating the entry of persons into, and/or the conduct of persons within a particular profession, occupation or field of endeavor, and which is authorized to issue and revoke licenses. "Occupational licensing agency" does not include State agencies or departments which may as only a part of their regular function issue permits or licenses.
- (5) "Party" means any person or agency named or admitted as a party or properly seeking as of right to be admitted as a party and includes the agency as appropriate. This subdivision does not permit an agency that makes a final decision, or an officer or employee of the agency, to petition for initial judicial review of that decision.
- (6) "Person aggrieved" means any person or group of persons of common interest directly or indirectly affected substantially in his or its person, property, or employment by an administrative decision.
- (7) "Person" means any natural person, partnership, corporation, body politic and any unincorporated association, organization, or society which may sue or be sued under a common name.
- (8) "Residence" means domicile or principal place of business.
- (8a) "Rule" means any agency regulation, standard, or statement of general applicability that implements or interprets an enactment of the General Assembly or Congress or a regulation adopted by a federal agency or that describes the procedure or practice requirements of an agency. The term includes the establishment of a fee and the amendment or repeal of a prior rule. The term does not include the following:
  - a. Statements concerning only the internal management of an agency or group of agencies within the same principal office or department enumerated in G.S. 143A-11 or 143B-6, including policies and procedures manuals, if the statement does not directly or substantially affect the procedural or substantive rights or duties of a person not employed by the agency or group of agencies.
  - b. Budgets and budget policies and procedures issued by the Director of the Budget, by the head of a department, as defined by G.S. 143A-2 or G.S. 143B-3, by an occupational licensing board, as defined by G.S. 93B-1, or by the State Board of Elections.
  - c. Nonbinding interpretive statements within the delegated authority of an agency that merely define, interpret, or explain the meaning of a statute or rule.
  - d. A form, the contents or substantive requirements of which are prescribed by rule or statute.
  - e. Statements of agency policy made in the context of another proceeding, including:
    - 1. Declaratory rulings under G.S. 150B-4.
    - 2. Orders establishing or fixing rates or tariffs.
  - f. Requirements, communicated to the public by the use of signs or symbols, concerning the use of public roads, bridges, ferries, buildings, or facilities.
  - g. Statements that set forth criteria or guidelines to be used by the staff of an agency in performing audits, investigations, or inspections; in settling financial disputes or negotiating financial arrangements; or in the defense, prosecution, or settlement of cases.
- h. Scientific, architectural, or engineering standards, forms, or procedures, including design criteria and construction standards used to construct or maintain highways, bridges, or ferries.
- i. Job classification standards, job qualifications, and salaries established for positions under the jurisdiction of the State Personnel Commission.
- j. Establishment of the interest rate that applies to tax assessments under G.S. 105-241.21 and the variable component of the excise tax on motor fuel under G.S. 105-449.80.
- k. The State Medical Facilities Plan, if the Plan has been prepared with public notice and hearing as provided in G.S. 131E-176(25), reviewed by the Commission for compliance with G.S. 131E-176(25), and approved by the Governor.
- (8b) "Substantial evidence" means relevant evidence a reasonable mind might accept as adequate to support a conclusion.
- (9) Repealed by Session Laws 1991, c. 418 s. 3, effective October 1, 1991.

**§ 150B-3. Special provisions on licensing.**

(a) When an applicant or a licensee makes a timely and sufficient application for issuance or renewal of a license or occupational license, including the payment of any required license fee, the existing license or occupational license does not expire until a decision on the application is finally made by the agency, and if the application is denied or the terms of the new license or occupational license are limited, until the last day for applying for judicial review of the agency order. This subsection does not affect agency action summarily suspending a license or occupational license under subsections (b) and (c) of this section.

(b) Before the commencement of proceedings for the suspension, revocation, annulment, withdrawal, recall, cancellation, or amendment of any license other than an occupational license, the agency shall give notice to the licensee, pursuant to the provisions of G.S. 150B-23. Before the commencement of such proceedings involving an occupational license, the agency shall give notice pursuant to the provisions of G.S. 150B-38. In either case, the licensee shall be given an opportunity to show compliance with all lawful requirements for retention of the license or occupational license.

(c) If the agency finds that the public health, safety, or welfare requires emergency action and incorporates this finding in its order, summary suspension of a license or occupational license may be ordered effective on the date specified in the order or on service of the certified copy of the order at the last known address of the licensee, whichever is later, and effective during the proceedings. The proceedings shall be promptly commenced and determined.

Nothing in this subsection shall be construed as amending or repealing any special statutes, in effect prior to February 1, 1976, which provide for the summary suspension of a license.

(d) This section does not apply to the following:

- (1) Revocations of occupational licenses based solely on a court order of child support delinquency or a Department of Health and Human Services

determination of child support delinquency issued pursuant to G.S. 110-142, 110-142.1, 110-142.2.

- (2) Refusal to renew an occupational license pursuant to G.S. 87-10.1, 87-22.2, 87-44.2 or 89C-18.1, based solely on a Department of Revenue determination that the licensee owes a delinquent income tax debt.

**§ 150B-4. Declaratory rulings.**

(a) On request of a person aggrieved, an agency shall issue a declaratory ruling as to the validity of a rule or as to the applicability to a given state of facts of a statute administered by the agency or of a rule or order of the agency, except when the agency for good cause finds issuance of a ruling undesirable. The agency shall prescribe in its rules the circumstances in which rulings shall or shall not be issued. A declaratory ruling is binding on the agency and the person requesting it unless it is altered or set aside by the court. An agency may not retroactively change a declaratory ruling, but nothing in this section prevents an agency from prospectively changing a declaratory ruling. A declaratory ruling is subject to judicial review in the same manner as an order in a contested case. Failure of the agency to issue a declaratory ruling on the merits within 60 days of the request for such ruling shall constitute a denial of the request as well as a denial of the merits of the request and shall be subject to judicial review.

(b) Repealed by Session Laws 1997-34 s. 1 effective April 23, 1997.

**§§ 150B-5 through 150B-8:** Reserved for future codification purposes.

Article 2.  
Rule Making.

**§§ 150B-9 through 150B-16:** Repealed by Session Laws 1991, c. 481, s. 5, effective October 1, 1991.

**§ 150B-17:** Recodified as § 150B-4 by Session Laws 1991, c. 418, s. 4, effective October 1, 1991.

Article 2A.  
Rules.  
Part 1. General Provisions.

**§ 150B-18. Scope and effect.**

This Article applies to an agency's exercise of its authority to adopt a rule. A rule is not valid unless it is adopted in substantial compliance with this Article.

**§ 150B-19. Restrictions on what can be adopted as a rule.**

An agency may not adopt a rule that does one or more of the following:

- (1) Implements or interprets a law unless that law or another law specifically authorizes the agency to do so.
- (2) Enlarges the scope of a profession, occupation, or field of endeavor for which an occupational license is required.
- (3) Imposes criminal liability or a civil penalty for an act or omission, including the violation of a rule, unless a law specifically authorizes the agency to do so or a law declares that violation of the rule is a criminal offense or is grounds for a civil penalty.
- (4) Repeats the content of a law, a rule, or a federal regulation. A brief statement that informs the public of a

requirement imposed by law does not violate this subdivision and satisfies the "reasonably necessary" standard of review set in G.S. 150B-21.9(a)(3).

- (5) Establishes a fee or other charge for providing a service in fulfillment of a duty unless a law specifically authorizes the agency to do so or the fee or other charge is for one of the following:
  - a. A service to a State, federal, or local governmental unit.
  - b. A copy of part or all of a State publication or other document, the cost of mailing a document, or both.
  - c. A transcript of a public hearing.
  - d. A conference, workshop, or course.
  - e. Data processing services.
- (6) Allows the agency to waive or modify a requirement set in a rule unless a rule establishes specific guidelines the agency must follow in determining whether to waive or modify the requirement.

**§ 150B-20. Petitioning an agency to adopt a rule.**

(a) Petition. -- A person may petition an agency to adopt a rule by submitting to the agency a written rule-making petition requesting the adoption. A person may submit written comments with a rule-making petition. If a rule-making petition requests the agency to create or amend a rule, the person must submit the proposed text of the requested rule change and a statement of the effect of the requested rule change. Each agency must establish by rule the procedure for submitting a rule-making petition to it and the procedure the agency follows in considering a rule-making petition.

(b) Time. -- An agency must grant or deny a rule-making petition submitted to it within 30 days after the date the rule-making petition is submitted, unless the agency is a board or commission. If the agency is a board or commission, it must grant or deny a rule-making petition within 120 days after the date the rule-making petition is submitted.

(c) Action. -- If an agency denies a rule-making petition, it must send the person who submitted the petition a written statement of the reasons for denying the petition. If an agency grants a rule-making petition, it must inform the person who submitted the rule-making petition of its decision and must initiate rule-making proceedings. When an agency grants a rule-making petition, the notice of text it publishes in the North Carolina Register may state that the agency is initiating rule-making as the result of a rule-making petition and state the name of the person who submitted the rule-making petition. If the rule-making petition requested the creation or amendment of a rule, the notice of text the agency publishes may set out the text of the requested rule change submitted with the rule-making petition and state whether the agency endorses the proposed text.

(d) Review. -- Denial of a rule-making petition is a final agency decision and is subject to judicial review under Article 4 of this Chapter. Failure of an agency to grant or deny a rule-making petition within the time limits set in subsection (b) is a denial of the rule-making petition.

(e) Repealed by Session Laws 1996, Second Extra Session, c. 18, s. 7.10(b).

**§ 150B-21. Agency must designate rule-making coordinator; duties of coordinator.**

(a) Each agency must designate one or more rule-making coordinators to oversee the agency's rule-making functions. The coordinator shall serve as the liaison between the agency, other

agencies, units of local government, and the public in the rule-making process. The coordinator shall report directly to the agency head.

(b) The rule-making coordinator shall be responsible for the following:

- (1) Preparing notices of public hearings.
- (2) Coordinating access to the agency's rules.
- (3) Screening all proposed rule actions prior to publication in the North Carolina Register to assure that an accurate fiscal note has been completed as required by G.S. 150B-21.4(b).
- (4) Consulting with the North Carolina Association of County Commissioners and the North Carolina League of Municipalities to determine which local governments would be affected by any proposed rule action.
- (5) Providing the North Carolina Association of County Commissioners and the North Carolina League of Municipalities with copies of all fiscal notes required by G.S. 150B-21.4(b), prior to publication in the North Carolina Register of the proposed text of a permanent rule change.
- (6) Coordinating the submission of proposed rules to the Governor as provided by G.S. 150B-21.26.

(c) At the earliest point in the rule-making process and in consultation with the North Carolina Association of County Commissioners, the North Carolina League of Municipalities, and with samples of county managers or city managers, as appropriate, the rule-making coordinator shall lead the agency's efforts in the development and drafting of any rules or rule changes that could:

- (1) Require any unit of local government, including a county, city, school administrative unit, or other local entity funded by or through a unit of local government to carry out additional or modified responsibilities;
- (2) Increase the cost of providing or delivering a public service funded in whole or in part by any unit of local government; or
- (3) Otherwise affect the expenditures or revenues of a unit of local government.

(d) The rule-making coordinator shall send to the Office of State Budget and Management for compilation a copy of each final fiscal note prepared pursuant to G.S. 150B-21.4(b).

(e) The rule-making coordinator shall compile a schedule of the administrative rules and amendments expected to be proposed during the next fiscal year. The coordinator shall provide a copy of the schedule to Office of State Budget and Management in a manner proposed by that Office.

(f) Whenever an agency proposes a rule that is purported to implement a federal law, or required by or necessary for compliance with federal law, or on which the receipt of federal funds is conditioned, the rule-making coordinator shall:

- (1) Attach to the proposed rule a certificate prepared by the rule-making coordinator identifying the federal law requiring adoption of the proposed rule. The certification shall contain a statement setting forth the reasons for why the proposed rule is required by law. If all or part of the proposed rule is not required by federal law or exceeds the requirements of federal law, then the certification shall state the reasons for

that opinion. No comment or opinion shall be included in the certification with regard to the merits of the proposed rule; and

- (2) The rule-making coordinator shall maintain a copy of the federal law and shall provide to the Office of State Budget and Management for compilation the citation to the federal law requiring or pertaining to the proposed rule.

## Part 2. Adoption of Rules.

### **§ 150B-21.1. Procedure for adopting a temporary rule.**

(a) Adoption. -- An agency may adopt a temporary rule when it finds that adherence to the notice and hearing requirements of G.S. 150B-21.2 would be contrary to the public interest and that the immediate adoption of the rule is required by one or more of the following:

- (1) A serious and unforeseen threat to the public health, safety, or welfare.
- (2) The effective date of a recent act of the General Assembly or the United States Congress.
- (3) A recent change in federal or State budgetary policy.
- (4) A recent federal regulation.
- (5) A recent court order.
- (6) The need for a rule establishing review criteria as authorized by G.S. 131E-183(b) to complement or be made consistent with the State Medical Facilities Plan approved by the Governor, if the rule addresses a matter included in the State Medical Facilities Plan, and the proposed rule and a notice of public hearing is submitted to the Codifier of Rules prior to the effective date of the Plan.
- (7) The need for the Wildlife Resources Commission to establish any of the following:
  - a. No wake zones.
  - b. Hunting or fishing seasons.
  - c. Hunting or fishing bag limits.
  - d. Management of public game lands as defined in G.S. 113-129(8a).
- (8) The need for the Secretary of State to implement the certification technology provisions of Article 11A of Chapter 66 of the General Statutes to adopt uniform Statements of Policy that have been officially adopted by the North American Securities Administrators Association, Inc. for the purpose of promoting uniformity of state securities regulation, and to adopt rules governing the conduct of hearings pursuant to this Chapter.
- (9) The need for the Commissioner of Insurance to implement the provisions of G.S. 58-2-205
- (10) The need for the Chief Information Officer to implement the information technology procurement provisions of Article 3D of Chapter 147 of the General Statutes.
- (11) The need for the State Board of Election to adopt a temporary rule after prior notice or hearing or upon any abbreviated notice or hearing the agency finds practical for one or more of the following:
  - a. In accordance with the provisions of G.S. 163-22.2.

- b. To implement any provisions of state or federal law for which the State Board of Elections has been authorized to adopt rules.
  - c. The need for the rule to become effective immediately in order to preserve the integrity of upcoming elections and the elections process.
- (12) The need for an agency to adopt a temporary rule to implement the provisions of any of the following acts until all rules necessary to implement the provisions of the act have become effective as either temporary or permanent rules:
- a. Repealed by Session Laws 2000, Ch. 148, s.5, effective July 1, 2002.
  - b. Repealed by Session Laws 2000, Ch. 69, s.5 July 1, 2003.
- (13), (14) Reserved.
- (15) Expired pursuant to Session Laws 2002-164, s. 5, effective October 1, 2004.
- (16) Expired pursuant to Session Laws 2004-156, s. 1, effective July 13, 2004.
- (a1) Recodified as subdivision (a)(16) of this section by Session Laws 2004-156, s. 1.
- (a2) A recent act, change, regulation, or order as used in subdivisions (2) through (5) of subsection (a) of this section means an act, change, regulation, or order occurring or made effective no more than 210 days prior to the submission of a temporary rule to the Rules Review Commission. Upon written request of the agency, the Commission may waive the 210-day requirement upon consideration of the degree of public benefit, whether the agency had control over the circumstances that required the requested waiver, notice to and opposition by the public, the need for the waiver, and previous requests for waivers submitted by the agency.
- (a3) Unless otherwise provided by law, at least 30 business days prior to adopting a temporary rule, the agency shall:
- (1) Submit the rule and a notice of public hearing to the Codifier of Rules, and the Codifier of Rules shall publish the proposed temporary rule and the notice of public hearing on the Internet to be posted within five business days.
  - (2) Notify persons on the mailing list maintained pursuant to G.S. 150B-21.2(d) and any other interested parties of its intent to adopt a temporary rule and of the public hearing.
  - (3) Accept written comments on the proposed temporary rule for at least 15 business days prior to adoption of the temporary rule.
  - (4) Hold at least one public hearing on the proposed temporary rule no less than five days after the rule and notice have been published.
- (a4) An agency must also prepare a written statement of its findings of need for a temporary rule stating why adherence to the notice and hearing requirements in G.S. 150B-21.2 would be contrary to the public interest and why the immediate adoption of the rule is required. If the temporary rule establishes a new fee or increases an existing fee, the agency shall include in the written statement that it has complied with the requirements of G.S. 12-3-1. The statement must be signed by the head of the agency adopting the temporary rule.
- (b) Review. -- When an agency adopts a temporary rule it must submit the rule and the agency's written statement of its

findings of the need for the rule to the Rules Review Commission. Within 15 business day after receiving the proposed temporary rule, the Commission shall review the agency's written statement of findings of need for the rule and the rule to determine whether the statement meets the criteria listed in subsection (a) of this section and the rule meets the standards in G.S. 150B-21.9. The Commission shall direct a member of its staff who is an attorney licensed to practice law in North Carolina to review the statement of findings of need and the rule. The staff member shall make a recommendation to the Commission, which must be approved by the Commission or its designee. The Commission's designee shall be a panel of at least three members of the Commission. In reviewing the statement, the Commission or its designee may consider any information submitted by the agency or another person. If the Commission or its designee finds that the statement meets the criteria, listed in subsection (a) of this section and the rule meets the standards in G.S. 150B-21.9, the Commission or its designee must approve the temporary rule and deliver the rule to the Codifier of Rules within two business days of approval. The Codifier of Rules must enter the rule into the North Carolina Administrative Code on the sixth business day following receipt from the Commission or its designee.

(b1) If the Commission or its designee finds that the statement does not meet the criteria listed in subsection (a) of this section or that the rule does not meet the standards in G.S. 150B-21.9, the Commission or its designee must immediately notify the head of the agency. The agency may supplement its statement of need with additional findings or submit a new statement. If the agency provides additional findings or submits a new statement, the Commission or its designee must review the additional findings or new statement within five business days after the agency submits the additional findings or new statement. If the Commission or its designee again finds that the statement does not meet the criteria listed in subsection (a) of this section or that the rule does not meet the standards in G.S. 150B-21.9, the Commission or its designee must immediately notify the head of the agency and return the rule to the agency.

(b2) If an agency decides not to provide additional findings or submit a new statement when notified by the Commission or its designee that the agency's findings of need for a rule do not meet the required criteria or that the rule does not meet the required standards, the agency must notify the Commission or its designee of its decision. The Commission or its designee shall then return the rule to the agency. When the Commission returns a rule to an agency in accordance with this subsection, the agency may file an action for declaratory judgment in Wake County Superior Court pursuant to Article 26 of Chapter 1 of the General Statutes.

(b3) Notwithstanding any other provision of this subsection, if the agency has not complied with the provisions of G.S. 12-3-1, the Codifier of Rules shall not enter the rule into the Code.

(c) Standing. -- A person aggrieved by a temporary rule adopted by an agency may file an action for declaratory judgment in Wake County Superior Court pursuant to Article 26 of Chapter 1 of the General Statutes. In the action, the court shall determine whether the agency's written statement of findings of need for the rule meets the criteria listed in subsection (a) of this section and whether the rule meets the standards in G.S. 150B-21.9. The court shall not grant an ex parte temporary restraining order.

(c1) Filing a petition for rule making or a request for a declaratory ruling with the agency that adopted the rule is not a prerequisite to filing an action under this subsection. A person who files an action for declaratory judgment under this subsection must serve a copy of the complaint on the agency that adopted the rule being contested, the Codifier of Rules, and the Commission.

(d) Effective Date and Expiration. -- A temporary rule becomes effective on the date specified in G.S. 150B-21.3. A temporary rule expires on the earliest of the following dates:

- (1) The date specified in the rule.
- (2) The effective date of the permanent rule adopted to replace the temporary rule, if the Commission approves the permanent rule.
- (3) The date the Commission returns to an agency a permanent rule the agency adopted to replace the temporary rule.
- (4) The effective date of an act of the General Assembly that specifically disapproves a permanent rule adopted to replace the temporary rule.
- (5) 270 days from the date the temporary rule was published in the North Carolina Register, unless the permanent rule adopted to replace the temporary rule has been submitted to the Commission.

(e) Publication. -- When the Codifier of Rules enters a temporary rule in the North Carolina Administrative Code, the Codifier must publish the rule in the North Carolina Register.

**§ 150B-21.1A. Adoption of an emergency rule.**

(a) Adoption. - An agency may adopt an emergency rule without prior notice or hearing or upon any abbreviated notice or hearing the agency finds practical when it finds that adherence to the notice and hearing requirements of this Part would be contrary to the public interest and that the immediate adoption of the rule is required by a serious and unforeseen threat to the public health or safety. When an agency adopts an emergency rule, it must simultaneously commence the process for adopting a temporary rule by submitting the rule to the Codifier of Rules for publication on the Internet in accordance with G.S. 150B-21.1(a3). The Department of Health and Human Services or the appropriate rule-making agency within the Department may adopt emergency rules in accordance with this section when a recent act of the General Assembly or the United States Congress or a recent change in federal regulations authorizes new or increased services or benefits for children and families and the emergency rule is necessary to implement the change in State or federal law.

(b) Review. - An agency must prepare a written statement of its findings of need for an emergency rule. The statement must be signed by the head of the agency adopting the rule. When an agency adopts an emergency rule, it must submit the rule and the agency's written statement of its findings of the need for the rule to the Codifier of Rules. Within two business days after an agency submits an emergency rule, the Codifier of Rules must review the agency's written statement of findings of need for the rule to determine whether the statement of need meets the criteria in subsection (a) of this section. In reviewing the statement, the Codifier of Rules may consider any information submitted by the agency or another person. If the Codifier of Rules finds that the statement meets the criteria, the Codifier of Rules must notify the head of the agency and enter the rule in the

North Carolina Administrative Code on the sixth business day following approval by the Codifier of Rules.

If the Codifier of Rules finds that the statement does not meet the criteria in subsection (a) of this section, the Codifier of Rules must immediately notify the head of the agency. The agency may supplement its statement of need with additional findings or submit a new statement. If the agency provides additional findings or submits a new statement, the Codifier of Rules must review the additional findings or new statement within one business day after the agency submits the additional findings or new statement. If the Codifier of Rules again finds that the statement does not meet the criteria in subsection (a) of this section, the Codifier of Rules must immediately notify the head of the agency.

If an agency decides not to provide additional findings or submit a new statement when notified by the Codifier of Rules that the agency's findings of need for a rule do not meet the required criteria, the agency must notify the Codifier of Rules of its decision. The Codifier of Rules must then enter the rule in the North Carolina Administrative Code on the sixth business day after receiving notice of the agency's decision. Notwithstanding any other provision of this subsection, if the agency has not complied with the provisions of G.S. 12-3.1, the Codifier of Rules shall not enter the rule into the Code.

(c) Standing. - A person aggrieved by an emergency rule adopted by an agency may file an action for declaratory judgment in Wake County Superior Court pursuant to Article 26 of Chapter 1 of the General Statutes. In the action, the court shall determine whether the agency's written statement of findings of need for the rule meets the criteria listed in subsection (a) of this section and whether the rule meets the standards in G.S. 150B-21.9. The court shall not grant an ex parte temporary restraining order.

Filing a petition for rule making or a request for a declaratory ruling with the agency that adopted the rule is not a prerequisite to filing an action under this subsection. A person who files an action for declaratory judgment under this subsection must serve a copy of the complaint on the agency that adopted the rule being contested, the Codifier of Rules, and the Commission.

(d) Effective Date and Expiration. - An emergency rule becomes effective on the date specified in G.S. 150B-21.3. An emergency rule expires on the earliest of the following dates:

- (1) The date specified in the rule.
- (2) The effective date of the temporary rule adopted to replace the emergency rule, if the Commission approves the temporary rule.
- (3) The date the Commission returns to an agency a temporary rule the agency adopted to replace the emergency rule.
- (4) Sixty days from the date the emergency rule was published in the North Carolina Register, unless the temporary rule adopted to replace the emergency rule has been submitted to the Commission.

(e) Publication. - When the Codifier of Rules enters an emergency rule in the North Carolina Administrative Code, the Codifier of Rules must publish the rule in the North Carolina Register.

**§ 150B-21.1B. Adoption of rules to implement the American Recovery and Reinvestment Act.**

(a) Purpose. – This section establishes an expedited procedure for the adoption of new or the amendment of existing rules implementing the American Recovery and Reinvestment Act of 2009 (ARRA) (Public Law 111-5), including any federal rules, regulations, policies, guidance, or goals for the implementation of the ARRA. It is the policy of the State to provide fair regulation, oversight, and transparency for the use of ARRA funds and to quickly and efficiently complete the awards of grants and contracts under the ARRA. The provisions of this section shall be liberally construed to allow agencies maximum flexibility in implementing the ARRA.

(b) Adoption. – An agency may adopt a rule under this section by using the procedure for adoption of an emergency rule set forth in G.S. 150B-21.1A(a) and (b). The provision in subsection (a) of G.S. 150B-21.1A that requires a finding of a serious or unforeseen threat to public health or safety shall not apply to rules adopted under this section. In lieu of the written statement of its findings of need as provided in subsection (b) of G.S. 150B-21.1A, the agency must prepare a written statement of its findings that the rule is needed to implement the ARRA. The emergency rule becomes effective when it is entered into the North Carolina Administrative Code. When an agency adopts an emergency rule under this section, the agency must simultaneously commence the process for adopting a temporary rule by submitting the rule to the Codifier of Rules for publication on the Internet in accordance with G.S. 150B-21.1(a3). For purposes of this section, all references to business days in G.S. 150B-21.1(a3) shall be deemed to be calendar days. If the agency receives written comment objecting to the temporary rule, the temporary rule shall be reviewed in accordance with subsection (c) of this section. If the agency receives no written comment objecting to the temporary rule, the agency shall deliver the rule to the Codifier of Rules. The Codifier of Rules shall enter the temporary rule into the North Carolina Administrative Code on the sixth business day after receipt of the rule, and the temporary rule becomes effective upon entry into the Code.

(c) Review. – If the agency receives written objection to the temporary rule, the agency must submit the temporary rule and a written statement of its findings that the rule is needed to implement the ARRA to the Director of the Office of Economic Recovery and Investment (Director). The Director shall have 14 calendar days to review the statement and the rule to determine whether the rule meets the following criteria:

- (1) It is within the authority delegated to the agency by the General Assembly.
- (2) It is clear and unambiguous.
- (3) It is reasonably necessary to implement or interpret an enactment of the General Assembly or Congress, including the ARRA and any federal rules, regulations, policies, guidance, or goals for the implementation of the ARRA. The Director shall consider the cumulative effect of all rules adopted by the agency related to the specific purpose for which the rule is proposed.
- (4) It was adopted in accordance with this section.

If the Director finds that the temporary rule meets all of the criteria set forth in this subsection, the Director shall deliver the

rule to the Codifier of Rules for entry into the North Carolina Administrative Code. If the Director finds that the temporary rule fails to meet any of the criteria set forth in this subsection, the Director shall return the rule to the agency with a statement of the Director's objections. The agency may change the rule to satisfy the Director's objections and submit the revised rule to the Director. If the agency fails to satisfy the Director's objections, the rule shall not be entered in the North Carolina Administrative Code. If the Director fails to make a final finding within 14 calendar days of receipt of the statement and rule, the rule shall not be entered in the North Carolina Administrative Code.

(d) Emergency Rule Expiration Date. – An emergency rule adopted in accordance with this section expires on the earliest of the following dates:

- (1) The date specified in the rule.
- (2) The effective date of the temporary rule adopted to replace the emergency rule, if the Director approves the temporary rule.
- (3) The date the Director returns to an agency a temporary rule adopted to replace the emergency rule, if the agency fails to satisfy the Director's objections.
- (4) Sixty days from the date the emergency rule was published in the North Carolina Register, unless the temporary rule adopted to replace the emergency rule has been submitted to the Codifier of Rules.

(e) Temporary Rule Expiration Date. – A temporary rule adopted in accordance with this section expires on the earliest of the following dates:

- (1) The date specified in the rule.
- (2) The effective date of a permanent rule adopted in accordance with G.S. 150B-21.2 to replace the temporary rule.
- (3) June 30, 2012.

(f) The Director's determination that a temporary rule meets the criteria set forth in subsection (c) of this section and that the rule is required by ARRA is a final agency decision and may be reviewed in accordance with Article 4 of this Chapter.

**§ 150B-21.2. Procedure for adopting a permanent rule.**

(a) Steps. -- Before an agency adopts a permanent rule, it must take the following actions:

- (1) Publish a notice of text in the North Carolina Register.
- (2) When required by G.S. 150B-21.4, prepare or obtain a fiscal note for the proposed rule.
- (3) Repealed by Session Laws 2003 Ch. 229, s.4, effective July 1, 2003.
- (4) When required by subsection (e) of this section, hold a public hearing on the proposed rule after publication of the proposed text of the rule.
- (5) Accept oral or written comments on the proposed rule as required by subsection (f) of this section.

(b) Repealed by Session Laws 2003 Ch. 229, S.4, effective July 1, 2003.

(c) Notice of Text. -- A notice of the proposed text of a rule must include all of the following:

- (1) The text of the proposed rule.
- (2) A short explanation of the reason for the proposed rule.
- (3) A citation to the law that gives the agency the authority to adopt the rule.

- (4) The proposed effective date of the rule.
- (5) The date, time, and place of any public hearing scheduled on the rule.
- (6) Instructions on how a person may demand a public hearing on a proposed rule if the notice does not schedule a public hearing on the proposed rule and subsection (e) of this section requires the agency to hold a public hearing on the proposed rule when requested to do so.
- (7) The period of time during which and the person to whom written comments may be submitted on the proposed rule.
- (8) If a fiscal note has been prepared for the rule, a statement that a copy of the fiscal note can be obtained from the agency.
- (9) The procedure by which a person can object to a proposed rule and the requirements for subjecting a proposed rule to the legislative review process.

(d) **Mailing List.** -- An agency must maintain a mailing list of persons who have requested notice of rule making. When an agency publishes in the North Carolina Register a notice of text of a proposed rule, it must mail a copy of the notice or text to each person on the mailing list who has requested notice on the subject matter described in the notice or the rule affected. An agency may charge an annual fee to each person on the agency's mailing list to cover copying and mailing costs.

(e) **Hearing.** -- An agency must hold a public hearing on a rule it proposes to adopt if the agency publishes the text of the proposed rule in the North Carolina Register and the agency receives a written request for a public hearing on the proposed rule within 15 days after the notice of text is published.

An agency may hold a public hearing on a proposed rule in other circumstances. When an agency is required to hold a public hearing on a proposed rule or decides to hold a public hearing on a proposed rule when it is not required to do so, the agency must publish in the North Carolina Register a notice of the date, time, and place of the public hearing. The hearing date of a public hearing held after the agency publishes notice of the hearing in the North Carolina Register must be at least 15 days after the date the notice is published. If notice of a public hearing has been published in the North Carolina Register and that public hearing has been cancelled, the agency shall publish notice in the North Carolina Register at least 15 days prior to the date of any rescheduled hearing.

(f) **Comments.** -- An agency must accept comments on the text of a proposed rule that is published in the North Carolina Register for at least 60 days after the text is published or until the date of any public hearing held on the proposed rule, whichever is longer. An agency must consider fully all written and oral comments received.

(g) **Adoption.** -- An agency shall not adopt a rule until the time for commenting on the proposed text of the rule has elapsed and shall not adopt a rule if more than 12 months have elapsed since the end of the time for commenting on the proposed text of the rule. An agency shall not adopt a rule that differs substantially from the text of a proposed rule published in the North Carolina Register unless the agency publishes the text of the proposed different rule in the North Carolina Register and accepts comments on the proposed different rule for the time set in subsection (f) of this section.

An adopted rule differs substantially from a proposed rule if it does one or more of the following:

- (1) Affects the interests of persons who, based on the proposed text of the rule published in the North Carolina Register, could not reasonably have determined that the rule would affect their interests.
- (2) Addresses a subject matter or an issue that is not addressed in the proposed text of the rule.
- (3) Produces an effect that could not reasonably have been expected based on the proposed text of the rule.

When an agency adopts a rule, it shall not take subsequent action on the rule without following the procedures in this Part. An agency must submit an adopted rule to the Rules Review Commission within 30 days of the agency's adoption of the rule.

(h) **Explanation.** -- An agency must issue a concise written statement explaining why the agency adopted a rule if, within 15 days after the agency adopts the rule, a person asks the agency to do so. The explanation must state the principal reasons for and against adopting the rule and must discuss why the agency rejected any arguments made or considerations urged against the adoption of the rule. The agency must issue the explanation within 15 days after receipt of the request for an explanation.

(i) **Record.** -- An agency must keep a record of a rule-making proceeding. The record must include all written comments received, a transcript or recording of any public hearing held on the rule, and any written explanation made by the agency for adopting the rule.

**§ 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 the Commission received written objections to the rule in accordance with subsection (b2) of this section, or unless the agency that adopted the rule specifies a later effective date.

(b1) **Delayed Effective Dates.** -- 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 ratified by the General Assembly 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 contained in the notice pursuant to G.S. 150B-21.2(c)(9), 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. When the requirements of this subsection have been met and a rule is subject to legislative disapproval, the agency may adopt the rule as a temporary rule if the rule would have met the criteria listed in G.S. 150B-21.1(a) at the time the notice of text for the permanent rule was published in the North Carolina Register. 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 Commission before the other rules become effective.

(c) Executive Order Exception. -- The Governor may, by executive order, make effective a permanent rule that has been approved by the Commission but the effective date of which has been delayed in accordance with subsection (b1) of this section upon finding that it is necessary that the rule become effective in order to protect public health, safety, or welfare. A rule made effective by executive order becomes effective on the date the order is issued or at a later date specified in the order. When the Codifier of Rules enters in the North Carolina Administrative Code a rule made effective by executive order, the entry must reflect this action.

A rule that is made effective by executive order remains in effect unless it is specifically disapproved by the General Assembly in a bill ratified on or before the day of adjournment of the regular session of the General Assembly that begins at least 25 days after the date the executive order is issued. A rule that is made effective by executive order and that is specifically disapproved by a bill ratified by the General Assembly is repealed as of the date specified in the bill. If a rule that is made effective by executive order is not specifically disapproved by a bill ratified by the General Assembly within the time set by this subsection, the Codifier of Rules must note this in the North Carolina Administrative Code.

(c1) Fees. -- Notwithstanding any other provision of this action, a rule that establishes a new fee or increases an existing fee shall not become effective until the agency has complied with the requirements of G.S. 12-3.1.

(d) Legislative Day and Day of Adjournment. -- As used in this section:

- (1) A "legislative day" is a day on which either house of the General Assembly convenes in a regular session.
- (2) The "day of adjournment" of a regular session held in an odd-numbered year is the day the General Assembly adjourns by joint resolution for more than 10 days.
- (3) The "day of adjournment" of a regular session held in an even-numbered year is the day the General Assembly adjourns sine die.

(e) OSHA Standard. -- A permanent rule concerning an occupational safety and health standard that is adopted by the Occupational Safety and Health Division of the Department of Labor and is identical to a federal regulation promulgated by the Secretary of the United States Department of Labor becomes effective on the date the Division delivers the rule to the Codifier of Rules, unless the Division specifies a later effective date. If the Division specifies a later effective date, the rule becomes effective on that date.

(f) Technical change. -- A permanent rule for which no notice or hearing is required under G.S. 150B-21.5(a)(1) through (a)(5) or G.S. 150B-21.5(b) becomes effective on the first day of the month following the month the rule is approved by the Rules Review Commission.

**§ 150B-21.4. Fiscal notes on rules.**

(a) State Funds. -- Before an agency publishes in the North Carolina Register the proposed text of a permanent rule change that would require the expenditure or distribution of funds subject to the State Budget Act, Chapter 143C of the General Statutes it must submit the text of the proposed rule change and a fiscal note on the proposed rule change to the Director of the Budget and obtain certification from the Director that the funds that would be required by the proposed rule change are available. The fiscal note must state the amount of funds that would be expended or distributed as a result of the proposed rule change and explain how the amount was computed. The Director of the Budget must certify a proposed rule change if funds are available to cover the expenditure or distribution required by the proposed rule change.

(a1) DOT Analyses. -- In addition to the requirements of subsection (a) of this section, any agency that adopts a rule affecting environmental permitting of Department of Transportation projects shall conduct an analysis to determine if the rule will result in an increased cost to the Department of Transportation. The analysis shall be conducted and submitted to the Board of Transportation before the agency publishes the proposed text of the rule change in the North Carolina Register. The agency shall consider any recommendations offered by the Board of Transportation prior to adopting the rule. Once a rule subject to this subsection is adopted, the Board of Transportation may submit any objection to the rule it may have to the Rules Review Commission. If the Rules Review Commission receives an objection to a rule from the Board of Transportation no later than 5:00 P.M. of the day following the day the Commission approves the rule, then the rule shall only become effective as provided in G.S. 150B-21.3(b1).

(b) Local Funds. -- Before an agency publishes in the North Carolina Register the proposed text of a permanent rule change that would affect the expenditures or revenues of a unit of local government, it must submit the text of the proposed rule change



and a fiscal note on the proposed rule change to the Office of the Governor as provided by G.S. 150B-21.26, the Fiscal Research Division of the General Assembly, the Office of State Budget and Management the North Carolina Association of County Commissioners, and the North Carolina League of Municipalities. The fiscal note must state the amount by which the proposed rule change would increase or decrease expenditures or revenues of a unit of local government and must explain how the amount was computed.

(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 must obtain a fiscal note for the proposed rule change from the Office of State Budget and Management or prepare a fiscal note for the proposed rule change and have the note approved by that Office. If an agency requests 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 may 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 must 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 may ask the Office of State Budget and Management to determine whether the proposed rule change has a substantial economic impact.

As used in this subsection, the term "substantial economic impact" means an aggregate financial impact on all persons affected of at least three million dollars (\$3,000,000) in a 12-month period.

(b2) Content. -- A fiscal note required by subsection (b1) of this section must contain the following:

- (1) A description of the persons who would be affected by the proposed rule change.
- (2) A description of the types of expenditures that persons affected by the proposed rule change would have to make to comply with the rule and an estimate of these expenditures.
- (3) A description of the purpose and benefits of the proposed rule change.
- (4) An explanation of how the estimate of expenditures was computed.

(c) Errors. -- An erroneous fiscal note prepared in good faith does not affect the validity of a rule.

**§ 150B-21.5. Circumstances when notice and rule-making hearing not required.**

(a) Amendment. -- 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 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 a telephone number.
- (5) Correct a typographical error in the North Carolina Administrative Code.
- (6) Change a 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.
- (2) The law under which the rule was adopted or the rule itself is declared unconstitutional.
- (3) The rule is declared to be in excess of the agency's statutory authority.

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

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

- (1) A statement of the subject matter of the proposed rule making.
- (2) A short explanation of the reason for the proposed action.
- (3) A citation to the law that gives the agency the authority to adopt a rule on the subject matter of the proposed rule making.
- (4) The person to whom questions or written comments may be submitted on the subject matter of the proposed rule making.

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

**§ 150B-21.6. Incorporating material in a rule by reference.**

An agency may incorporate the following material by reference in a rule without repeating the text of the referenced material:

- (1) Another rule or part of a rule adopted by the agency.

- (2) All or part of a code, standard, or regulation adopted by another agency, the federal government, or a generally recognized organization or association.
- (3) Repealed by Session Law 1997-34, s 5, effective April 30, 1997

In incorporating material by reference, the agency must designate in the rule whether or not the incorporation includes subsequent amendments and editions of the referenced material. The agency can change this designation only by a subsequent rule-making proceeding. The agency must have copies of the incorporated material available for inspection and must specify in the rule both where copies of the material can be obtained and the cost on the date the rule is adopted of a copy of the material.

A statement in a rule that a rule incorporates material by reference in accordance with former G.S. 150B-14(b) is a statement that the rule does not include subsequent amendments and editions of the referenced material. A statement in a rule that a rule incorporates material by reference in accordance with former G.S. 150B-14(c) is a statement that the rule includes subsequent amendments and editions of the referenced material.

**§ 150B-21.7. Effect of transfer of duties or termination of agency on rules.**

When a law that authorizes an agency to adopt a rule is repealed and another law gives the same or another agency substantially the same authority to adopt a rule, the rule remains in effect until the agency amends or repeals the rule. When a law that authorizes an agency to adopt a rule is repealed and another law does not give the same or another agency substantially the same authority to adopt a rule, a rule adopted under the repealed law is repealed as of the date the law is repealed.

When an executive order abolishes part or all of an agency and transfers a function of that agency to another agency, a rule concerning the transferred function remains in effect until the agency to which the function is transferred amends or repeals the rule. When an executive order abolishes part or all of an agency and does not transfer a function of that agency to another agency, a rule concerning a function abolished by the executive order is repealed as of the effective date of the executive order.

The Director of Fiscal Research of the General Assembly must notify the Codifier of Rules when a rule is repealed under this section. When notified of a rule repealed under this section, the Codifier of Rules must enter the repeal of the rule in the North Carolina Administrative Code.

**Part 3. Review by Commission.**

**§ 150B-21.8. Review of rule by Commission.**

(a) Emergency Rule. -- The Commission does not review an emergency rule.

(b) Temporary and Permanent Rules. -- An agency must submit temporary and permanent rules adopted by it to the Commission before the rule can be included in the North Carolina Administrative Code. The Commission reviews a temporary or permanent rule in accordance with the standards in G.S. 150B-21.9 and follows the procedure in this Part in its review of a rule.

(c) Scope. -- When the Commission reviews an amendment to a permanent rule, it may review the entire rule that is being amended. The procedure in G.S. 150B-21.12 applies when the

Commission objects to a part of a permanent rule that is within its scope of review but is not changed by a rule amendment.

(d) Judicial Review. -- When the Commission returns a permanent rule to an agency in accordance with G.S. 150B-21.12(d), the agency may file an action for declaratory judgment in Wake County Superior Court pursuant to Article 26 of Chapter 1 of the General Statutes.

**§ 150B-21.9. Standards and timetable for review by Commission.**

(a) Standards. -- The Commission must determine whether a rule meets all of the following criteria:

- (1) It is within the authority delegated to the agency by the General Assembly.
- (2) It is clear and unambiguous.
- (3) It is reasonably necessary to implement or interpret an enactment of the General Assembly, or of Congress, or a regulation of a federal agency. The Commission shall consider the cumulative effect of all rules adopted by the agency related to the specific purpose for which the rule is proposed.
- (4) It was adopted in accordance with Part 2 of this Article.

The Commission shall not consider questions relating to the quality or efficacy of the rule but shall restrict its review to determination of the standards set forth in this subsection.

The Commission may ask the Office of State Budget and Management to determine if a rule has a substantial economic impact and is therefore required to have a fiscal note. The Commission must ask the Office of State Budget and Management to make this determination if a fiscal note was not prepared for a rule and the Commission receives a written request for a determination of whether the rule has a substantial economic impact.

(a1) Entry of a rule in the North Carolina Administrative Code after review by the Commission creates a rebuttable presumption that the rule was adopted in accordance with Part 2 of this Article.

(b) Timetable. -- The Commission must review a permanent rule submitted to it on or before the twentieth of a month by the last day of the next month. The Commission must review a rule submitted to it after the twentieth of a month by the last day of the second subsequent month. The Commission must review a temporary rule in accordance with the timetable and procedure set forth in G.S. 150B-21.1.

**§ 150B-21.10. Commission action on permanent rule.**

At the first meeting at which a permanent rule is before the Commission for review, the Commission must take one of the following actions:

- (1) Approve the rule, if the Commission determines that the rule meets the standards for review.
- (2) Object to the rule, if the Commission determines that the rule does not meet the standards for review.
- (3) Extend the period for reviewing the rule, if the Commission determines it needs additional information on the rule to be able to decide whether the rule meets the standards for review.

In reviewing a new rule or an amendment to an existing rule, the Commission may request an agency to make technical changes to the rule and may condition its approval of the rule on the agency's making the requested technical changes.

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

When the Commission approves a permanent rule, it must notify the agency that adopted the rule of the Commission's approval, deliver the approved rule to the Codifier of Rules, and include the text of the approved rule and a summary of the rule in its next report to the Joint Legislative Administrative Procedure Oversight Committee.

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.

**§ 150B-21.12. Procedure when Commission objects to a permanent rule.**

(a) Action. -- When the Commission objects to a permanent rule, it must send the agency that adopted the rule a written statement of the objection and the reason for the objection. The agency that adopted the rule must take one of the following actions:

- (1) Change the rule to satisfy the Commission's objection and submit the revised rule to the Commission.
- (2) Submit a written response to the Commission indicating that the agency has decided not to change the rule.

(b) Time Limit. -- An agency that is not a board or commission must take one of the actions listed in subsection (a) of this section within 30 days after receiving the Commission's statement of objection. A board or commission must take one of these actions within 30 days after receiving the Commission's statement of objection or within 10 days after the board or commission's next regularly scheduled meeting, whichever comes later.

(c) Changes. -- When an agency changes a rule in response to an objection by the Commission, the Commission must determine whether the change satisfies the Commission's objection. If it does, the Commission must approve the rule. If it does not, the Commission must send the agency a written statement of the Commission's continued objection and the reason for the continued objection. The Commission must also determine whether the change is substantial. In making this determination, the Commission shall use the standards set forth in G.S. 150B-21.2(g). If the change is substantial, the revised rule shall be published and reviewed in accordance with the procedure set forth in G.S. 150B-21.1(a3) and (b).

(d) Return of Rule. -- A rule to which the Commission has objected remains under review by the Commission until the agency that adopted the rule decides not to satisfy the Commission's objection and makes a written request to the Commission to return the rule to the agency. When the Commission returns a rule to which it has objected, it must notify the Codifier of Rules of its action and must send a copy of the record of the Commission's review of the rule to the Joint Legislative Administrative Procedure Oversight Committee in its next report to that Committee. If the rule that is returned would have increased or decreased expenditures or revenues of a unit of local government, the Commission must also notify the Governor of its action and must send a copy of the record of the Commission's review of the rule to the Governor. The record of

review consists of the rule, the Commission's letter of objection to the rule, the agency's written response to the Commission's letter, and any other relevant documents before the Commission when it decided to object to the rule.

**§ 150B-21.13. Procedure when Commission extends period for review of permanent rule.**

When the Commission extends the period for review of a permanent rule, it must notify the agency that adopted the rule of the extension and the reason for the extension. After the Commission extends the period for review of a rule, it may call a public hearing on the rule. Within 70 days after extending the period for review of a rule, the Commission must decide whether to approve the rule, object to the rule, or call a public hearing on the rule.

**§ 150B-21.14. Public hearing on a rule.**

The Commission may call a public hearing on a rule when it extends the period for review of the rule. At the request of an agency, the Commission may call a public hearing on a rule that is not before it for review. Calling a public hearing on a rule not already before the Commission for review places the rule before the Commission for review. When the Commission decides to call a public hearing on a rule, it must publish notice of the public hearing in the North Carolina Register.

After a public hearing on a rule, the Commission must approve the rule or object to the rule in accordance with the standards and procedures in this Part. The Commission must make its decision of whether to approve or object to the rule within 70 days after the public hearing.

**§ 150B-21.15:** Repealed by Session Laws 1995, c. 507, s. 27.8(i), effective December 1, 1995.

**§ 150B-21.16. Report to Joint Legislative Administrative Procedure Oversight Committee.**

The Commission must make monthly reports to the Joint Legislative Administrative Procedure Oversight Committee. The reports are due by the last day of the month. A report must include the rules approved by the Commission at its meeting held in the month in which the report is due and the rules the Commission returned to agencies during that month after the Commission objected to the rule. A report must include any other information requested by the Joint Legislative Administrative Procedure Oversight Committee. When the Commission sends a report to the Joint Legislative Administrative Procedure Oversight Committee, the Commission must send a copy of the report to the Codifier of Rules.

**Part 4. Publication of Code and Register.**

**§ 150B-21.17. North Carolina Register.**

(a) Content. -- The Codifier of Rules must publish the North Carolina Register. The North Carolina Register must be published at least two times a month and must contain the following:

- (1) Temporary rules entered in the North Carolina Administrative Code.
  - (1a) The text of proposed rules, and the text of permanent rules approved by the Commission.
  - (1b) Emergency rules entered into the North Carolina Administrative Code.
- (2) Notices of receipt of a petition for municipal incorporation, as required by G.S. 120-165.

- (3) Executive orders of the Governor.
- (4) Final decision letters from the United States Attorney General concerning changes in laws that affect voting in a jurisdiction subject to section 5 of the Voting Rights Act of 1965, as required by G.S. 120-30.9H.
- (5) Orders of the Tax Review Board issued under G.S. 105-241.2.
- (6) Other information the Codifier determines to be helpful to the public.

(b) Form. -- When an agency publishes notice in the North Carolina Register of the proposed text of a new rule, the Codifier of Rules must publish the complete text of the proposed new rule. In publishing the text of a proposed new rule, the Codifier must indicate the rule is new by underlining the proposed text of the rule.

When an agency publishes notice in the North Carolina Register of the proposed text of an amendment to an existing rule, the Codifier must publish the complete text of the rule that is being amended unless the Codifier determines that publication of the complete text of the rule being amended is not necessary to enable the reader to understand the proposed amendment. In publishing the text of a proposed amendment to a rule, the Codifier must indicate deleted text with overstrikes and added text with underlines.

When an agency publishes notice in the North Carolina Register of the proposed repeal of an existing rule, the Codifier must publish the complete text of the rule the agency proposes to repeal unless the Codifier determines that publication of the complete text is impractical. In publishing the text of a rule the agency proposes to repeal, the Codifier must indicate the rule is to be repealed.

(c) The Codifier may authorize and license the private indexing, marketing, sales, reproduction, and distribution of the Register.

**§ 150B-21.18. North Carolina Administrative Code.**

The Codifier of Rules must compile all rules into a Code known as the North Carolina Administrative Code. The format and indexing of the Code must conform as nearly as practical to the format and indexing of the North Carolina General Statutes. The Codifier must publish printed copies of the Code and may publish the Code in other forms. The Codifier must keep the Code current by publishing the Code in a loose-leaf format and periodically providing new pages to be substituted for outdated pages, by publishing the Code in volumes and periodically publishing cumulative supplements, or by another means. The Codifier may authorize and license the private indexing, marketing, sales, reproduction, and distribution of the Code. The Codifier must keep superseded rules.

**§ 150B-21.19. Requirements for including rule in Code.**

To be acceptable for inclusion in the North Carolina Administrative Code, a rule must:

- (1) Cite the law under which the rule is adopted.
- (2) Be signed by the head of the agency or the rule-making coordinator for the agency that adopted the rule.
- (3) Be in the physical form specified by the Codifier of Rules.
- (4) Have been approved by the Commission, if the rule is a permanent rule.

- (5) Have complied with the provisions of G.S. 12-3.1, if the rule establishes a new fee or increases an existing fee.

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

(a) Authority. -- After consulting with the agency that adopted the rule, the Codifier of Rules may revise the form of a rule submitted for inclusion in the North Carolina Administrative Code within 10 business days after the rule is submitted to do one or more of the following:

- (1) Rearrange the order of the rule in the Code or the order of the subsections, subdivisions, or other subparts of the rule.
- (2) Provide a catch line or heading for the rule or revise the catch line or heading of the rule.
- (3) Reletter or renumber the rule or the subparts of the rule in accordance with a uniform system.
- (4) Rearrange definitions and lists.
- (5) Make other changes in arrangement or in form that do not change the substance of the rule and are necessary or desirable for a clear and orderly arrangement of the rule.
- (6) Omit from the published rule a map, a diagram, an illustration, a chart, or other graphic material, if the Codifier of Rules determines that the Office of Administrative Hearings does not have the capability to publish the material or that publication of the material is not practicable. When the Codifier of Rules omits graphic material from the published rule, the Codifier must insert a reference to the omitted material and information on how to obtain a copy of the omitted material.

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

**§ 150B-21.21. Publication of rules of North Carolina State Bar, Building Code Council, and exempt agencies.**

(a) State Bar. -- The North Carolina State Bar must submit a rule adopted or approved by it and entered in the minutes of the North Carolina Supreme Court to the Codifier of Rules for inclusion in the North Carolina Administrative Code. The State Bar must submit a rule within 30 days after it is entered in the minutes of the Supreme Court. The Codifier of Rules must compile, make available for public inspection, and publish a rule included in the North Carolina Administrative Code under this subsection in the same manner as other rules in the Code.

(a1) Building Code Council. -- The Building Code Council shall publish the North Carolina State Building Code as provided in G.S. 143-138(g). The Codifier of Rules is not required to publish the North Carolina State Building Code in the North Carolina Administrative Code.

(b) Exempt Agencies. -- Notwithstanding G.S. 150B-1, the North Carolina Utilities Commission must submit to the Codifier of Rules those rules of the Utilities Commission that are published from time to time in the publication titled "North

Carolina Utilities Laws and Regulations." The Utilities Commission must submit a rule required to be included in the Code within 30 days after it is adopted.

Notwithstanding G.S. 150B-1, an agency other than the Utilities Commission that is exempted from this Article by that statute must submit a temporary or permanent rule adopted by it to the Codifier of Rules for inclusion in the North Carolina Administrative Code. These exempt agencies must submit a rule to the Codifier of Rules within 30 days after adopting the rule.

(c) Publication. -- A rule submitted to the Codifier of Rules under this section must be in the physical form specified by the Codifier of Rules. The Codifier of Rules must compile, make available for public inspection, and publish a rule submitted under this section in the same manner as other rules in the North Carolina Administrative Code.

**§ 150B-21.22. Effect of inclusion in Code.**

Official or judicial notice can be taken of a rule in the North Carolina Administrative Code and shall be taken when appropriate.

**§ 150B-21.23. Rule publication manual.**

The Codifier of Rules must publish a manual that sets out the form and method for publishing a notice of rule-making proceedings and a notice of text in the North Carolina Register and for filing a rule in the North Carolina Administrative Code.

**§ 150B-21.24. Free copies of Register and Code.**

(a) Register. -- The Codifier of Rules shall make available the North Carolina Register on the Internet at no charge. Upon request the Codifier shall provide a free copy of the current volume of the Register to any person who receives a free copy of the North Carolina Administrative Code or any member of the General Assembly.

(b) Code. -- The Codifier of Rules shall make available the North Carolina Administrative Code on the Internet at no charge. The Codifier shall distribute copies of the North Carolina Administrative Code as soon after publication as practical, without charge, to the following:

- (1) One copy to the board of commissioners of each county that specifically request a printed copy to be placed at the county clerk of court's office or at another place selected by the board of commissioners. The Codifier of Rules is not required to provide a copy of the Administrative Code to any board of county commissioners unless a request is made.
- (2) One copy to the Commission.
- (3) One copy to the Clerk of the Supreme Court and to the Clerk of the Court of Appeals of North Carolina.
- (4) One copy to the Supreme Court Library and one copy to the library of the Court of Appeals.
- (5) One copy to the Administrative Office of the Courts.
- (6) One copy to the Governor.
- (7) One copy to the Legislative Services Commission for the use of the General Assembly.
- (8) Repealed by Session Laws 2002-97, s. 1, effective August 29 2002.
- (9) One Copy to the Division of State Library of the Department of Cultural Resources pursuant to G.S. 125-11.7.

**§ 150B-21.25. Paid copies of Register and Code.**

A person who is not entitled to a free copy of the North Carolina Administrative Code or North Carolina Register may

obtain a copy by paying a fee set by the Codifier of Rules. The Codifier must set separate fees for the North Carolina Register and the North Carolina Administrative Code in amounts that cover publication, copying, and mailing costs. All monies received under this section must be credited to the General Fund.

Part 5. Rules Affecting Local Governments.

**§ 150B-21.26. Governor to conduct preliminary review of certain administrative rules.**

(a) Preliminary Review. -- At least 30 days before an agency publishes in the North Carolina Register the proposed text of a permanent rule change that would affect the expenditures or revenues of a unit of local government, the agency must submit all of the following to the Governor for preliminary review:

- (1) The text of the proposed rule change.
- (2) A short explanation of the reason for the proposed change.
- (3) A fiscal note stating the amount by which the proposed rule change would increase or decrease expenditures or revenues of a unit of local government and explaining how the amount was computed.

(b) Scope. -- The Governor's preliminary review of a proposed permanent rule change that would affect the expenditures or revenues of a unit of local government shall include consideration of the following:

- (1) The agency's explanation of the reason for the proposed change.
- (2) Any unanticipated effects of the proposed change on local government budgets.
- (3) The potential costs of the proposed change weighed against the potential risks to the public of not taking the proposed change.

**§ 150B-21.27. Minimizing the effects of rules on local budgets.**

In adopting permanent rules that would increase or decrease the expenditures or revenues of a unit of local government, the agency shall consider the timing for implementation of the proposed rule as part of the preparation of the fiscal note required by G.S. 150B-21.4(b). If the computation of costs in a fiscal note indicates that the proposed rule change will disrupt the budget process as set out in the Local Government Budget and Fiscal Control Act, Article 3 of Chapter 159 of the General Statutes, the agency shall specify the effective date of the change as July 1 following the date the change would otherwise become effective under G.S. 150B-21.3.

**§ 150B-21.28. Role of the Office of State Budget and Management.**

The Office of State Budget and Management shall:

- (1) Compile an annual summary of the projected fiscal impact on units of local government of State administrative rules adopted during the preceding fiscal year.
- (2) Compile from information provided by each agency schedules of anticipated rule actions for the upcoming fiscal year.
- (3) Provide the Governor, the General Assembly, the North Carolina Association of County Commissioners, and the North Carolina League of

Municipalities with a copy of the annual summary and schedules by no later than March 1 of each year.

Article 3.  
Administrative Hearings.

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

It is the policy of this State that any dispute between an agency and another person that involves the person's rights, duties, or privileges, including licensing or the levy of a monetary penalty, should be settled through informal procedures.

In trying to reach a settlement through informal procedures, the agency may not conduct a proceeding at which sworn testimony is taken and witnesses may be cross-examined. If the agency and the other person do not agree to a resolution of the dispute through informal procedures, either the agency or the person may commence an administrative proceeding to determine the person's rights, duties, or privileges, at which time the dispute becomes a "contested case."

**§ 150B-22.1. Special education petitions.**

(a) Notwithstanding any other provision of this Chapter, timelines and other procedural safeguards required to be provided under IDEA and Article 9 of Chapter 115C of the General Statutes must be followed in an impartial due process hearing initiated when a petition is filed under G.S. 115C-109.6 with the Office of Administrative Hearings.

(b) The administrative law judge who conducts a hearing under G.S. 115C-109.6 shall not be a person who has a personal or professional interest that conflicts with the judge's objectivity in the hearing. Furthermore, the judge must possess knowledge of, and the ability to understand, IDEA and legal interpretations of IDEA by federal and State courts. The judges are encouraged to participate in training developed and provided by the State Board of Education under G.S. 115C-107.2(h).

(c) For the purpose of this section, the term "IDEA" means The Individuals with Disabilities Education Improvement Act, 20 U.S.C. § 1400, et seq., (2004), as amended, and its regulations.

**§ 150B-23. Commencement; assignment of administrative law judge; hearing required; notice; intervention.**

(a) A contested case shall be commenced by paying a fee in an amount established in G.S. 150B-23.2 and by filing a petition with the Office of Administrative Hearings and, except as provided in Article 3A of this Chapter, shall be conducted by that Office. The party who files the petition shall serve a copy of the petition on all other parties and, if the dispute concerns a license, the person who holds the license. A party who files a petition shall file a certificate of service together with the petition. A petition shall be signed by a party or a representative of the party and, if filed by a party other than an agency, shall state facts tending to establish that the agency named as the respondent has deprived the petitioner of property, has ordered the petitioner to pay a fine or civil penalty, or has otherwise substantially prejudiced the petitioner's rights and that the agency:

- (1) Exceeded its authority or jurisdiction;
- (2) Acted erroneously;
- (3) Failed to use proper procedure;
- (4) Acted arbitrarily or capriciously; or
- (5) Failed to act as required by law or rule.

The parties in a contested case shall be given an opportunity for a hearing without undue delay. Any person aggrieved may commence a contested case hereunder.

A local government employee, applicant for employment, or former employee to whom Chapter 126 of the General Statutes applies may commence a contested case under this Article in the same manner as any other petitioner. The case shall be conducted in the same manner as other contested cases under this Article, except that the State Personnel Commission shall enter final decisions only in cases in which it is found that the employee, applicant, or former employee has been subjected to discrimination prohibited by Article 6 of Chapter 126 of the General Statutes or in any case where a binding decision is required by applicable federal standards. In these cases, the State Personnel Commission's decision shall be binding on the local appointing authority. In all other cases, the final decision shall be made by the applicable appointing authority.

(a1) Repealed by Session Laws 1985 (Reg. Sess., 1986), c. 1022, s. 1(9)(1) effective July 15, 1986.

(a2) An administrative law judge assigned to a contested case may require a party to the case to file a prehearing statement. A party's prehearing statement must be served on all other parties to the contested case.

(b) The parties to a contested case shall be given a notice of hearing not less than 15 days before the hearing by the Office of Administrative Hearings. If prehearing statements have been filed in the case, the notice shall state the date, hour, and place of the hearing. If prehearing statements have not been filed in the case, the notice shall state the date, hour, place, and nature of the hearing, shall list the particular sections of the statutes and rules involved, and shall give a short and plain statement of the factual allegations.

(c) Notice shall be given personally or by certified mail. If given by certified mail, it shall be deemed to have been given on the delivery date appearing on the return receipt. If giving of notice cannot be accomplished either personally or by certified mail, notice shall then be given in the manner provided in G.S. 1A-1, Rule 4(j1).

(d) Any person may petition to become a party by filing a motion to intervene in the manner provided in G.S. 1A-1, Rule 24. In addition, any person interested in a contested case may intervene and participate in that proceeding to the extent deemed appropriate by the administrative law judge.

(e) All hearings under this Chapter shall be open to the public. Hearings shall be conducted in an impartial manner. Hearings shall be conducted according to the procedures set out in this Article, except to the extent and in the particulars that specific hearing procedures and time standards are governed by another statute.

(f) Unless another statute or a federal statute or regulation sets a time limitation for the filing of a petition in contested cases against a specified agency, the general limitation for the filing of a petition in a contested case is 60 days. The time limitation, whether established by another statute, federal statute, or federal regulation, or this section, shall commence when notice is given of the agency decision to all persons aggrieved who are known to the agency by personal delivery or by the placing of the notice in an official depository of the United States Postal Service wrapped in a wrapper addressed to the person at the latest address given by the person to the agency. The notice shall be in writing, and shall set forth the agency action, and shall inform

the persons of the right, the procedure, and the time limit to file a contested case petition. When no informal settlement request has been received by the agency prior to issuance of the notice, any subsequent informal settlement request shall not suspend the time limitation for the filing of a petition for a contested case hearing.

**§ 150B-23.1. Mediated settlement conferences.**

(a) Purpose. -- This section authorizes a mediation program in the Office of Administrative Hearings in which the chief administrative law judge may require the parties in a contested case to attend a prehearing settlement conference conducted by a mediator. The purpose of the program is to determine whether a system of mediated settlement conferences may make the operation of the Office of Administrative Hearings more efficient, less costly, and more satisfying to the parties.

(b) Definitions. -- The following definitions apply in this section:

- (1) Mediated settlement conference. -- A conference ordered by the chief administrative law judge involving the parties to a contested case and conducted by a mediator prior to a contested case hearing.
- (2) Mediator. -- A neutral person who acts to encourage and facilitate a resolution of a contested case but who does not make a decision on the merits of the contested case.

(c) Conference. -- The chief administrative law judge may order a mediated settlement conference for all or any part of a contested case to which an administrative law judge is assigned to preside. All aspects of the mediated settlement conference shall be conducted insofar as possible in accordance with the rules adopted by the Supreme Court for the court-ordered mediation pilot program under G.S. 7A-38.

(d) Attendance. -- The parties to a contested case in which a mediated settlement conference is ordered, their attorneys, and other persons having authority to settle the parties' claims shall attend the settlement conference unless excused by the presiding administrative law judge.

(e) Mediator. -- The parties shall have the right to stipulate to a mediator. Upon the failure of the parties to agree within a time limit established by the presiding administrative law judge, a mediator shall be appointed by the presiding administrative law judge.

(f) Sanctions. -- Upon failure of a party or a party's attorney to attend a mediated settlement conference ordered under this section, the presiding administrative law judge may impose any sanction authorized by G.S. 150B-33(b)(8) or (10).

(g) Standards. -- Mediators authorized to conduct mediated settlement conferences under this section shall comply with the standards adopted by the Supreme Court for the court-ordered mediation pilot program under G.S. 7A-38.

(h) Immunity. -- A mediator acting pursuant to this section shall have judicial immunity in the same manner and to the same extent as a judge of the General Court of Justice.

(i) Costs. -- Costs of a mediated settlement conference shall be paid one share by the petitioner, one share by the respondent, and an equal share by any intervenor, unless otherwise apportioned by the administrative law judge.

(j) Inadmissibility of Negotiations. -- All conduct or communications made during a mediated settlement conference are presumed to be made in compromise negotiations and shall

be governed by Rule 408 of the North Carolina Rules of Evidence.

(k) Right to Hearing. -- Nothing in this section restricts the right to a contested case hearing.

**§ 150B-23.2. Fee for filing a contested case hearing.**

(a) Filing Fee. -- In every contested case commenced in the Office of Administrative Hearings by a person aggrieved, the petitioner shall pay a filing fee, and the administrative law judge shall have the authority to assess that filing fee against the losing party, in the amount of one hundred twenty-five dollars (\$125.00), unless the Office of Administrative Hearings establishes a lesser filing fee by rule.

(b) Time of Collection. -- All fees that are required to be assessed, collected, and remitted under subsection (a) of this section shall be collected by the Office of Administrative Hearings at the time of commencement of the contested case (except in suits in forma pauperis).

(c) Forms of Payment. -- The Office of Administrative Hearings may by rule provide for the acceptable forms for payment and transmission of the filing fee.

(d) Waiver or Refund. -- The Office of Administrative Hearings shall by rule provide for the fee to be waived in a contested case in which the petition is filed in forma pauperis and supported by such proofs as are required in G.S. 1-110 and in a contested case involving a mandated federal cause of action. The Office of Administrative Hearings shall by rule provide for the fee to be refunded in a contested case in which the losing party is the State.

**§ 150B-24. Venue of hearing.**

(a) The hearing of a contested case shall be conducted:

- (1) In the county in this State in which any person whose property or rights are the subject matter of the hearing maintains his residence;
- (2) In the county where the agency maintains its principal office if the property or rights that are the subject matter of the hearing do not affect any person or if the subject matter of the hearing is the property or rights of residents of more than one county; or
- (3) In any county determined by the administrative law judge in his discretion to promote the ends of justice or better serve the convenience of witnesses.

(b) Any person whose property or rights are the subject matter of the hearing waives his objection to venue by proceeding in the hearing.

**§ 150B-25. Conduct of hearing; answer.**

(a) If a party fails to appear in a contested case after proper service of notice, and if no adjournment or continuance is granted, the administrative law judge may proceed with the hearing in the absence of the party.

(b) Repealed by Session Laws 1991, c. 35, s. 2, effective October 1, 1991.

(c) The parties shall be given an opportunity to present arguments on issues of law and policy and an opportunity to present evidence on issues of fact.

(d) A party may cross-examine any witness, including the author of a document prepared by, on behalf of, or for use of the agency and offered in evidence. Any party may submit rebuttal evidence.

**§ 150B-26. Consolidation.**

When contested cases involving a common question of law or fact or multiple proceedings involving the same or related parties are pending, the Director of the Office of Administrative Hearings may order a joint hearing of any matters at issue in the cases, order the cases consolidated, or make other orders to reduce costs or delay in the proceedings.

**§ 150B-27. Subpoena.**

After the commencement of a contested case, subpoenas may be issued and served in accordance with G.S. 1A-1, Rule 45. In addition to the methods of service in G.S. 1A-1, Rule 45, a State law enforcement officer may serve a subpoena on behalf of an agency that is a party to the contested case by any method by which a sheriff may serve a subpoena under that Rule. Upon a motion, the administrative law judge may quash a subpoena if, upon a hearing, the administrative law judge finds that the evidence the production of which is required does not relate to a matter in issue, the subpoena does not describe with sufficient particularity the evidence the production of which is required, or for any other reason sufficient in law the subpoena may be quashed.

Witness fees shall be paid by the party requesting the subpoena to subpoenaed witnesses in accordance with G.S. 7A-314. However, State officials or employees who are subpoenaed shall not be entitled to witness fees, but they shall receive their normal salary and they shall not be required to take any annual leave for the witness days. Travel expenses of State officials or employees who are subpoenaed shall be reimbursed as provided in G.S. 138-6.

**§ 150B-28. Depositions and discovery.**

(a) A deposition may be used in lieu of other evidence when taken in compliance with the Rules of Civil Procedure, G.S. 1A-1. Parties in contested cases may engage in discovery pursuant to the provisions of the Rules of Civil Procedure, G.S. 1A-1.

(b) On a request for identifiable agency records, with respect to material facts involved in a contested case, except records related solely to the internal procedures of the agency or which are exempt from disclosure by law, an agency shall promptly make the records available to a party. Repealed by S.L. 2007-491 effective 1/1/2008.

**§ 150B-29. Rules of evidence.**

(a) In all contested cases, irrelevant, immaterial and unduly repetitious evidence shall be excluded. Except as otherwise provided, the rules of evidence as applied in the trial division of the General Court of Justice shall be followed; but, when evidence is not reasonably available under the rules to show relevant facts, then the most reliable and substantial evidence available shall be admitted. On the judge's own motion, an administrative law judge may exclude evidence that is inadmissible under this section. The party with the burden of proof in a contested case must establish the facts required by G.S. 150B-23(a) by a preponderance of the evidence. It shall not be necessary for a party or his attorney to object at the hearing to evidence in order to preserve the right to object to its consideration by the administrative law judge in making a decision, by the agency in making a final decision, or by the court on judicial review.

(b) Evidence in a contested case, including records and documents, shall be offered and made a part of the record. Factual information or evidence not made a part of the record shall not be considered in the determination of the case, except as permitted under G.S. 150B-30. Documentary evidence may

be received in the form of a copy or excerpt or may be incorporated by reference, if the materials so incorporated are available for examination by the parties. Upon timely request, a party shall be given an opportunity to compare the copy with the original if available.

**§ 150B-30. Official notice.**

Official notice may be taken of all facts of which judicial notice may be taken and of other facts within the specialized knowledge of the agency. The noticed fact and its source shall be stated and made known to affected parties at the earliest practicable time, and any party shall on timely request be afforded an opportunity to dispute the noticed fact through submission of evidence and argument.

**§ 150B-31. Stipulations.**

(a) The parties in a contested case may, by a stipulation in writing filed with the administrative law judge, agree upon any fact involved in the controversy, which stipulation shall be used as evidence at the hearing and be binding on the parties thereto. Parties should agree upon facts when practicable.

(b) Except as otherwise provided by law, disposition may be made of a contested case by stipulation, agreed settlement, consent order, waiver, default, or other method agreed upon by the parties.

**§ 150B-31.1. Contested tax cases.**

(a) Application. – This section applies only to contested tax cases. A contested tax case is a case involving a disputed tax matter arising under G.S. 105-241.15. To the extent any provision in this section conflicts with another provision in this Article, this section controls.

(b) Simple Procedures. – The Chief Administrative Law Judge may limit and simplify the procedures that apply to a contested tax case involving a taxpayer who is not represented by an attorney. An administrative law judge assigned to a contested tax case must make reasonable efforts to assist a taxpayer who is not represented by an attorney in order to assure a fair hearing.

(c) Venue. – A hearing in a contested tax case must be conducted in Wake County, unless the parties agree to hear the case in another county.

(d) Reports. – The following agency reports are admissible without testimony from personnel of the agency:

- (1) Law enforcement reports.
- (2) Government agency lab reports used for the enforcement of motor fuel tax laws.

(e) Confidentiality. – The record, proceedings, and decision in a contested tax case are confidential until the final decision is issued in the case.

**§ 150B-32. Designation of administrative law judge.**

(a) The Director of the Office of Administrative Hearings shall assign himself or another administrative law judge to preside over a contested case.

(a1) Repealed by Session Laws 1985 (Reg. Session 1986), c. 1022, s. 1(15), effective July 15, 1986.

(b) On the filing in good faith by a party of a timely and sufficient affidavit of personal bias or disqualification of an administrative law judge, the administrative law judge shall determine the matter as a part of the record in the case, and this determination shall be subject to judicial review at the conclusion of the proceeding.



(c) When an administrative law judge is disqualified or it is impracticable for him to continue the hearing, the Director shall assign another administrative law judge to continue with the case unless it is shown that substantial prejudice to any party will result, in which event a new hearing shall be held or the case dismissed without prejudice.

**§ 150B-33. Powers of administrative law judge.**

(a) An administrative law judge shall stay any contested case under this Article on motion of an agency which is a party to the contested case, if the agency shows by supporting affidavits that it is engaged in other litigation or administrative proceedings, by whatever name called, with or before a federal agency, and this other litigation or administrative proceedings will determine the position, in whole or in part, of the agency in the contested case. At the conclusion of the other litigation or administrative proceedings, the contested case shall proceed and be determined as expeditiously as possible.

(b) An administrative law judge may:

- (1) Administer oaths and affirmations;
- (2) Sign, issue, and rule on subpoenas in accordance with G.S. 150B-27 and G.S. 1A-1, Rule 45;
- (3) Provide for the taking of testimony by deposition and rule on all objections to discovery in accordance with G.S. 1A-1, the Rules of Civil Procedure;
- (3a) Rule on all prehearing motions that are authorized by G.S. 1A-1, the Rules of Civil Procedure;
- (4) Regulate the course of the hearings, including discovery, set the time and place for continued hearings, and fix the time for filing of briefs and other documents;
- (5) Direct the parties to appear and confer to consider simplification of the issues by consent of the parties;
- (6) Stay the contested action by the agency pending the outcome of the case, upon such terms as he deems proper, and subject to the provisions of G.S. 1A-1, Rule 65;
- (7) Determine whether the hearing shall be recorded by a stenographer or by an electronic device; and
- (8) Enter an order returnable in the General Court of Justice, Superior Court Division, to show cause why the person should not be held in contempt. The Court shall have the power to impose punishment as for contempt for any act which would constitute direct or indirect contempt if the act occurred in an action pending in Superior Court.
- (9) Determine that a rule as applied in a particular case is void because (1) it is not within the statutory authority of the agency, (2) is not clear and unambiguous to persons it is intended to direct, guide, or assist, or (3) is not reasonably necessary to enable the agency to fulfill a duty delegated to it by the General Assembly.
- (10) Impose the sanctions provided for in G.S. 1A-1 or Chapter 3 of Title 26 of the North Carolina Administrative Code for noncompliance with applicable procedural rules.
- (11) Order the assessment of reasonable attorneys' fees and witnesses' fees against the State agency involved in contested cases decided under Chapter 126 where the administrative law judge finds discrimination, harassment, or orders reinstatement or back pay.

(12) Except as provided in G.S. 150B-36(d), accept a remanded case from an agency only when a claim for relief has been raised in the petition, and the decision of the administrative law judge makes no findings of fact or conclusions of law regarding the claim for relief, and the agency requests that the administrative law judge make findings of fact and conclusions of law as to the specific claim for relief. The administrative law judge may refuse to accept a remand if there is a sufficient record to allow the agency to make a final decision.

**§ 150B-34. Decision of administrative law judge.**

(a) Except as provided in G.S. 150B-36(c), and subsection (c) of this section, in each contested case the administrative law judge shall make a decision that contains findings of fact and conclusions of law and return the decision to the agency for a final decision in accordance with G.S. 150B-36. The administrative law judge shall decide the case based upon the preponderance of the evidence, giving due regard to the demonstrated knowledge and expertise of the agency with respect to facts and inferences within the specialized knowledge of the agency. All references in this Chapter to the administrative law judge's decision shall include orders entered pursuant to G.S. 150B-36(c).

(b) Repealed by Session Laws 1991, c. 35, s. 6, effective October 1, 1991.

(c) Notwithstanding subsection (a) of this section, in cases arising under Article 9 of Chapter 131E of the General Statutes, the administrative law judge shall make a recommended decision or order that contains findings of fact and conclusions of law. A final decision shall be made by the agency in writing after review of the official record as defined in G.S. 150B-37(a) and shall include findings of fact and conclusions of law. The final agency decision shall recite and address all of the facts set forth in the recommended decision. For each finding of fact in the recommended decision not adopted by the agency, the agency shall state the specific reason, based on the evidence, for not adopting the findings of fact and the agency's findings shall be supported by substantial evidence admissible under G.S. 150B-29(a), 150B-30, or 150B-31. The provisions of G.S. 150B-36(b), (b1), (b2), (b3), and (d), and G.S. 150B-51 do not apply to cases decided under this subsection.

(d) Except for the exemptions contained in G.S. 150B-1(c) and (e), and subsection (c) of this section, the provisions of this section regarding the decision of the administrative law judge shall apply only to agencies subject to Article 3 of this Chapter, notwithstanding any other provisions to the contrary relating to recommended decisions by administrative law judges.

**§ 150B-35. No ex parte communication; exceptions.**

Unless required for disposition of an ex parte matter authorized by law, neither the administrative law judge assigned to a contested case nor a member or employee of the agency making a final decision in the case may communicate, directly or indirectly, in connection with any issue of fact, or question of law, with any person or party or his representative, except on notice and opportunity for all parties to participate.

**§ 150B-36. Final decision.**

(a) Before the agency makes a final decision, it shall give each party an opportunity to file exceptions to the decision made by the administrative law judge, and to present written arguments to those in the agency who will make the final

decision or order. If a party files in good faith a timely and sufficient affidavit of personal bias or other reason for disqualification of a member of the agency making the final decision, the agency shall determine the matter as a part of the record in the case, and the determination is subject to judicial review at the conclusion of the case.

(b) Except as provided in G.S. 150B-34(c) or subsection (d) of this section, a final decision in a contested case shall be made by the agency in writing after review of the official record as defined in G.S. 150B-37(a) and shall include findings of fact and conclusions of law. The agency shall adopt each finding of fact contained in the administrative law judge's decision unless the finding is clearly contrary to the preponderance of the admissible evidence, giving due regard to the opportunity of the administrative law judge to evaluate the credibility of witnesses. For each finding of fact not adopted by the agency and each finding of fact made by the agency that is not contained in the administrative law judge's decision, the agency shall follow the procedures set forth in subsections (b1) and (b2) of this section.

(b1) For each finding of fact not adopted by the agency, the agency shall set forth separately and in detail the following:

- (1) The reasons for not adopting the findings of fact.
- (2) The evidence in the record relied upon by the agency in not adopting the finding of fact contained in the administrative law judge's decision.

Any finding of fact not specifically rejected as required by this subsection shall be deemed accepted for purposes of judicial review of the final decision pursuant to Article 4 of this Chapter.

(b2) For each finding of fact made by the agency that is not contained in the administrative law judge's decision, the agency shall set forth separately and in detail the evidence in the record relied upon by the agency in making the finding of fact. Any new finding of fact made by the agency shall be supported by a preponderance of the admissible evidence in the record. The agency shall not make any new finding of fact that is inconsistent with a finding of fact contained in the administrative law judge's decision unless the finding of fact in the administrative law judge's decision is not adopted as required by subsection (b1) of this section.

(b3) Except as provided in G.S. 150B-34(c), the agency shall adopt the decision of the administrative law judge unless the agency demonstrates that the decision of the administrative law judge is clearly contrary to the preponderance of the admissible evidence in the record. If the agency does not adopt the administrative law judge's decision as its final decision, the agency shall set forth its reasoning for the final decision in light of the findings of fact and conclusions of law in the final decision, including any exercise of discretion by the agency. The agency may consider only the official record prepared pursuant to G.S. 150B-37 in making a final decision. A copy of the decision shall be served upon each party personally or by certified mail addressed to the party at the latest address given by the party to the agency, and a copy shall be furnished to his attorney of record and the Office of Administrative Hearings.

(c) The following decisions made by administrative law judges in contested cases are final decisions appealable directly to superior court under Article 4 of this Chapter:

- (1) A determination that the Office of Administrative Hearings lacks jurisdiction.
- (2) An order entered pursuant to the authority in G.S. 7A-759(e).

- (3) An order entered pursuant to a written prehearing motion that either dismisses the contested case for failure of the petitioner to prosecute or grants the relief requested when a party does not comply with procedural requirements.
- (4) An order entered pursuant to a prehearing motion to dismiss the contested case in accordance with G.S. 1A-1, Rule 12(b) when the order disposes of all issues in the contested case.
- (5) An order entered pursuant to the authority in G.S. 150B-31(b) when the stipulation or waiver confers final decision authority on the administrative law judge.

(d) An administrative law judge may grant judgment on the pleadings, pursuant to a motion made in accordance with G.S. 1A-1, Rule 12(c), or summary judgment, pursuant to a motion made in accordance with G.S. 1A-1, Rule 56, that disposes of all issues in the contested case. Notwithstanding subsection (b) of this section, a decision granting a motion for judgment on the pleadings or summary judgment need not include findings of fact or conclusions of law, except as determined by the administrative law judge to be required or allowed by G.S. 1A-1, Rules 12(c) or Rule 56. For any decision by the administrative law judge granting judgment on the pleadings or summary judgment that disposes of all issues in the contested case, the agency shall make a final decision. If the agency does not adopt the administrative law judge's decision, it shall set forth the basis for failing to adopt the decision and shall remand the case to the administrative law judge for hearing. The party aggrieved by the agency's decision shall be entitled to immediate judicial review of the decision under Article 4 of this Chapter.

**§ 150B-37. Official record.**

(a) In a contested case, the Office of Administrative Hearings shall prepare an official record of the case that includes:

- (1) Notices, pleadings, motions, and intermediate rulings;
- (2) Questions and offers of proof, objections, and rulings thereon;
- (3) Evidence presented;
- (4) Matters officially noticed, except matters so obvious that a statement of them would serve no useful purpose; and
- (5) Repealed by Session Laws 1987, c. 878, s. 25, effective August 14, 1987.
- (6) The administrative law judge's decision or order.

(b) Proceedings at which oral evidence is presented shall be recorded, but need not be transcribed unless requested by a party. Each party shall bear the cost of the transcript or part thereof or copy of said transcript or part thereof which said party requests, and said transcript or part thereof shall be added to the official record as an exhibit.

(c) The Office of Administrative Hearings shall forward a copy of the official record to the agency making the final decision and shall forward a copy of the administrative law judge's decision to each party.

**Article 3A.**

**Other Administrative Hearings.**

**§ 150B-38. Scope; hearing required; notice; venue.**

- (a) The provisions of this Article shall apply to:
  - (1) Occupational licensing agencies.

- (2) The State Banking Commission, the Commissioner of Banks, and the Credit Union Division of the Department of Commerce.
- (3) The Department of Insurance and the Commissioner of Insurance.
- (4) The State Chief Information Officer in the administration of the provisions of Article 3D of Chapter 147 of the General Statutes.
- (5) The North Carolina State Building Code Council.
- (6) The State Board of Elections in the administration of any investigation or audit under the provisions of Article 22A of Chapter 163 of the General Statutes."

(b) Prior to any agency action in a contested case, the agency shall give the parties in the case an opportunity for a hearing without undue delay and notice not less than 15 days before the hearing. Notice to the parties shall include:

- (1) A statement of the date, hour, place, and nature of the hearing;
- (2) A reference to the particular sections of the statutes and rules involved; and
- (3) A short and plain statement of the facts alleged.

(c) Notice shall be given personally or by certified mail. If given by certified mail, notice shall be deemed to have been given on the delivery date appearing on the return receipt. If notice cannot be given personally or by certified mail, then notice shall be given in the manner provided in G.S. 1A-1, Rule 4(j1).

(d) A party who has been served with a notice of hearing may file a written response with the agency. If a written response is filed, a copy of the response must be mailed to all other parties not less than 10 days before the date set for the hearing.

(e) All hearings conducted under this Article shall be open to the public. A hearing conducted by the agency shall be held in the county where the agency maintains its principal office. A hearing conducted for the agency by an administrative law judge requested under G.S. 150B-40 shall be held in a county in this State where any person whose property or rights are the subject matter of the hearing resides. If a different venue would promote the ends of justice or better serve the convenience of witnesses, the agency or the administrative law judge may designate another county. A person whose property or rights are the subject matter of the hearing waives his objection to venue if he proceeds in the hearing.

(f) Any person may petition to become a party by filing with the agency or hearing officer a motion to intervene in the manner provided by G.S. 1A-1, Rule 24. In addition, any person interested in a contested case under this Article may intervene and participate to the extent deemed appropriate by the agency hearing officer.

(g) When contested cases involving a common question of law or fact or multiple proceedings involving the same or related parties are pending before an agency, the agency may order a joint hearing of any matters at issue in the cases, order the cases consolidated, or make other orders to reduce costs or delay in the proceedings.

(h) Every agency shall adopt rules governing the conduct of hearings that are consistent with the provisions of this Article.

**§ 150B-39. Depositions; discovery; subpoenas.**

(a) A deposition may be used in lieu of other evidence when taken in compliance with the Rules of Civil Procedure, G.S. 1A-

1. Parties in a contested case may engage in discovery pursuant to the provisions of the Rules of Civil Procedure, G.S. 1A-1.

(b) Upon a request for an identifiable agency record involving a material fact in a contested case, the agency shall promptly provide the record to a party, unless the record relates solely to the agency's internal procedures or is exempt from disclosure by law.

(c) In preparation for, or in the conduct of, a contested case subpoenas may be issued and served in accordance with G.S. 1A-1, Rule 45. Upon a motion, the agency may quash a subpoena if, upon a hearing, the agency finds that the evidence, the production of which is required, does not relate to a matter in issue, the subpoena does not describe with sufficient particularity the evidence the production of which is required, or for any other reason sufficient in law the subpoena may be quashed. Witness fees shall be paid by the party requesting the subpoena to subpoenaed witnesses in accordance with G.S. 7A-314. However, State officials or employees who are subpoenaed shall not be entitled to any witness fees, but they shall receive their normal salary and they shall not be required to take any annual leave for the witness days. Travel expenses of State officials or employees who are subpoenaed shall be reimbursed as provided in G.S. 138-6.

**§ 150B-40. Conduct of hearing; presiding officer; ex parte communication.**

(a) Hearings shall be conducted in a fair and impartial manner. At the hearing, the agency and the parties shall be given an opportunity to present evidence on issues of fact, examine and cross-examine witnesses, including the author of a document prepared by, on behalf of or for the use of the agency and offered into evidence, submit rebuttal evidence, and present arguments on issues of law or policy.

If a party fails to appear in a contested case after he has been given proper notice, the agency may continue the hearing or proceed with the hearing and make its decision in the absence of the party.

(b) Except as provided under subsection (e) of this section, hearings under this Article shall be conducted by a majority of the agency. An agency shall designate one or more of its members to preside at the hearing. If a party files in good faith a timely and sufficient affidavit of the personal bias or other reason for disqualification of any member of the agency, the agency shall determine the matter as a part of the record in the case, and its determination shall be subject to judicial review at the conclusion of the proceeding. If a presiding officer is disqualified or it is impracticable for him to continue the hearing, another presiding officer shall be assigned to continue with the case, except that if assignment of a new presiding officer will cause substantial prejudice to any party, a new hearing shall be held or the case dismissed without prejudice.

(c) The presiding officer may:

- (1) Administer oaths and affirmations;
- (2) Sign and issue subpoenas in the name of the agency, requiring attendance and giving of testimony by witnesses and the production of books, papers, and other documentary evidence;
- (3) Provide for the taking of testimony by deposition;
- (4) Regulate the course of the hearings, set the time and place for continued hearings, and fix the time for filing of briefs and other documents;

- (5) Direct the parties to appear and confer to consider simplification of the issues by consent of the parties; and
- (6) Apply to any judge of the superior court resident in the district or presiding at a term of court in the county where a hearing is pending for an order to show cause why any person should not be held in contempt of the agency and its processes, and the court shall have the power to impose punishment as for contempt for acts which would constitute direct or indirect contempt if the acts occurred in an action pending in superior court.

(d) Unless required for disposition of an ex parte matter authorized by law, a member of an agency assigned to make a decision or to make findings of fact and conclusions of law in a contested case under this Article shall not communicate, directly or indirectly, in connection with any issue of fact or question of law, with any person or party or his representative, except on notice and opportunity for all parties to participate. This prohibition begins at the time of the notice of hearing. An agency member may communicate with other members of the agency and may have the aid and advice of the agency staff other than the staff which has been or is engaged in investigating or prosecuting functions in connection with the case under consideration or a factually-related case. This section does not apply to an agency employee or party representative with professional training in accounting, actuarial science, economics or financial analysis insofar as the case involves financial practices or conditions.

(e) When a majority of an agency is unable or elects not to hear a contested case, the agency shall apply to the Director of the Office of Administrative Hearings for the designation of an administrative law judge to preside at the hearing of a contested case under this Article. Upon receipt of the application, the Director shall, without undue delay, assign an administrative law judge to hear the case.

The provisions of this Article, rather than the provisions of Article 3, shall govern a contested case in which the agency requests an administrative law judge from the Office of Administrative Hearings.

The administrative law judge assigned to hear a contested case under this Article shall sit in place of the agency and shall have the authority of the presiding officer in a contested case under this Article. The administrative law judge shall make a proposal for decision, which shall contain proposed findings of fact and proposed conclusions of law.

An administrative law judge shall stay any contested case under this Article on motion of an agency which is a party to the contested case, if the agency shows by supporting affidavits that it is engaged in other litigation or administrative proceedings, by whatever name called, with or before a federal agency, and this other litigation or administrative proceedings will determine the position, in whole or in part, of the agency in the contested case. At the conclusion of the other litigation or administrative proceedings, the contested case shall proceed and be determined as expeditiously as possible.

The agency may make its final decision only after the administrative law judge's proposal for decision is served on the parties, and an opportunity is given to each party to file exceptions and proposed findings of fact and to present oral and written arguments to the agency.

**§ 150B-41. Evidence; stipulations; official notice.**

(a) In all contested cases, irrelevant, immaterial, and unduly repetitious evidence shall be excluded. Except as otherwise provided, the rules of evidence as applied in the trial division of the General Court of Justice shall be followed; but, when evidence is not reasonably available under such rules to show relevant facts, they may be shown by the most reliable and substantial evidence available. It shall not be necessary for a party or his attorney to object to evidence at the hearing in order to preserve the right to object to its consideration by the agency in reaching its decision, or by the court of judicial review.

(b) Evidence in a contested case, including records and documents shall be offered and made a part of the record. Other factual information or evidence shall not be considered in determination of the case, except as permitted under G.S. 150B-30. Documentary evidence may be received in the form of a copy or excerpt or may be incorporated by reference, if the materials so incorporated are available for examination by the parties. Upon timely request, a party shall be given an opportunity to compare the copy with the original if available.

(c) The parties in a contested case under this Article by a stipulation in writing filed with the agency may agree upon any fact involved in the controversy, which stipulation shall be used as evidence at the hearing and be binding on the parties thereto. Parties should agree upon facts when practicable. Except as otherwise provided by law, disposition may be made of a contested case by stipulation, agreed settlement, consent order, waiver, default, or other method agreed upon by the parties.

(d) Official notice may be taken of all facts of which judicial notice may be taken and of other facts within the specialized knowledge of the agency. The noticed fact and its source shall be stated and made known to affected parties at the earliest practicable time, and any party shall on timely request be afforded an opportunity to dispute the noticed fact through submission of evidence and argument. An agency may use its experience, technical competence, and specialized knowledge in the evaluation of evidence presented to it.

**§ 150B-42. Final agency decision; official record.**

(a) After compliance with the provisions of G.S. 150B-40(e), if applicable, and review of the official record, as defined in subsection (b) of this section, an agency shall make a written final decision or order in a contested case. The decision or order shall include findings of fact and conclusions of law. Findings of fact shall be based exclusively on the evidence and on matters officially noticed. Findings of fact, if set forth in statutory language, shall be accompanied by a concise and explicit statement of the underlying facts supporting them. A decision or order shall not be made except upon consideration of the record as a whole or such portion thereof as may be cited by any party to the proceeding and shall be supported by substantial evidence admissible under G.S. 150B-41. A copy of the decision or order shall be served upon each party personally or by certified mail addressed to the party at the latest address given by the party to the agency and a copy shall be furnished to his attorney of record.

(b) An agency shall prepare an official record of a hearing that shall include:

- (1) Notices, pleadings, motions, and intermediate rulings;
- (2) Questions and offers of proof, objections, and rulings thereon;
- (3) Evidence presented;

- (4) Matters officially noticed, except matters so obvious that a statement of them would serve no useful purpose;
- (5) Proposed findings and exceptions; and
- (6) Any decision, opinion, order, or report by the officer presiding at the hearing and by the agency.

(c) Proceedings at which oral evidence is presented shall be recorded, but need not be transcribed unless requested by a party. Each party shall bear the cost of the transcript or part thereof or copy of said transcript or part thereof which said party requests.

Article 4.  
Judicial Review.

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

Any person who is aggrieved by the final decision in a contested case, and who has exhausted all administrative remedies made available to him by statute or agency rule, is entitled to judicial review of the decision under this Article, unless adequate procedure for judicial review is provided by another statute, in which case the review shall be under such other statute. Nothing in this Chapter shall prevent any person from invoking any judicial remedy available to him under the law to test the validity of any administrative action not made reviewable under this Article.

**§ 150B-44. Right to judicial intervention when decision unreasonably delayed.**

Unreasonable delay on the part of any agency or administrative law judge in taking any required action shall be justification for any person whose rights, duties, or privileges are adversely affected by such delay to seek a court order compelling action by the agency or administrative law judge. An agency that is subject to Article 3 of this Chapter and is not a board or commission has 60 days from the day it receives the official record in a contested case from the Office of Administrative Hearings to make a final decision in the case. This time limit may be extended by the parties or, for good cause shown, by the agency for an additional period of up to 60 days. An agency that is subject to Article 3 of this Chapter and is a board or commission has 60 days from the day it receives the official record in a contested case from the Office of Administrative Hearings or 60 days after its next regularly scheduled meeting, whichever is longer, to make a final decision in the case. This time limit may be extended by the parties or, for good cause shown, by the agency for an additional period of up to 60 days. If an agency subject to Article 3 of this Chapter has not made a final decision within these time limits, the agency is considered to have adopted the administrative law judge's decision as the agency's final decision. Failure of an agency subject to Article 3A of this Chapter to make a final decision within 120 days of the close of the contested case hearing is justification for a person whose rights, duties, or privileges are adversely affected by the delay to seek a court order compelling action by the agency or, if the case was heard by an administrative law judge, by the administrative law judge. The Board of Trustees of the North Carolina State Health Plan for Teachers and State Employees is a "board" for purposes of this section.

**§ 150B-45. Procedure for seeking review; waiver.**

(a) Procedure. – To obtain judicial review of a final decision under this Article, the person seeking review must file a petition within 30 days after the person is served with a written copy of the decision. The petition must be filed as follows:

- (1) Contested tax cases. – A petition for review of a final decision in a contested tax case arising under G.S. 105-241.15 must be filed in the Superior Court of Wake County.
- (2) Other final decisions. – A petition for review of any other final decision under this Article must be filed in the Superior Court of Wake County or in the superior court of the county where the person resides.

(b) Waiver. – A person who fails to file a petition within the required time waives the right to judicial review under this Article. For good cause shown, however, the superior court may accept an untimely petition.

**§ 150B-46. Contents of petition; copies served on all parties; intervention.**

The petition shall explicitly state what exceptions are taken to the decision or procedure and what relief the petitioner seeks. Within 10 days after the petition is filed with the court, the party seeking the review shall serve copies of the petition by personal service or by certified mail upon all who were parties of record to the administrative proceedings. Names and addresses of such parties shall be furnished to the petitioner by the agency upon request. Any party to the administrative proceeding is a party to the review proceedings unless the party withdraws by notifying the court of the withdrawal and serving the other parties with notice of the withdrawal. Other parties to the proceeding may file a response to the petition within 30 days of service. Parties, including agencies, may state exceptions to the decision or procedure and what relief is sought in the response.

Any person aggrieved may petition to become a party by filing a motion to intervene as provided in G.S. 1A-1, Rule 24.

**§ 150B-47. Records filed with clerk of superior court; contents of records; costs.**

Within 30 days after receipt of the copy of the petition for review, or within such additional time as the court may allow, the agency that made the final decision in the contested case shall transmit to the reviewing court the original or a certified copy of the official record in the contested case under review together with: (i) any exceptions, proposed findings of fact, or written arguments submitted to the agency in accordance with G.S. 150B-36(a); and (ii) the agency's final decision or order. With the permission of the court, the record may be shortened by stipulation of all parties to the review proceedings. Any party unreasonably refusing to stipulate to limit the record may be taxed by the court for such additional costs as may be occasioned by the refusal. The court may require or permit subsequent corrections or additions to the record when deemed desirable.

**§ 150B-48. Stay of decision.**

At any time before or during the review proceeding, the person aggrieved may apply to the reviewing court for an order staying the operation of the administrative decision pending the outcome of the review. The court may grant or deny the stay in its discretion upon such terms as it deems proper and subject to the provisions of G.S. 1A-1, Rule 65.

**§ 150B-49. New evidence.**

An aggrieved person who files a petition in the superior court may apply to the court to present additional evidence. If the court is satisfied that the evidence is material to the issues, is not merely cumulative, and could not reasonably have been presented at the administrative hearing, the court may remand the case so that additional evidence can be taken. If an administrative law judge did not make a decision in the case, the court shall remand the case to the agency that conducted the administrative hearing. After hearing the evidence, the agency may affirm or modify its previous findings of fact and final decision. If an administrative law judge made a decision in the case, the court shall remand the case to the administrative law judge. After hearing the evidence, the administrative law judge may affirm or modify his previous findings of fact and decision. The administrative law judge shall forward a copy of his decision to the agency that made the final decision, which in turn may affirm or modify its previous findings of fact and final decision. The additional evidence and any affirmation or modification of a decision of the administrative law judge or final decision shall be made part of the official record.

**§ 150B-50. Review by superior court without jury.**

The review by a superior court of agency decisions under this Chapter shall be conducted by the court without a jury.

**§ 150B-51. Scope and standard of review.**

(a) In reviewing a final decision in a contested case in which an administrative law judge made a recommended decision and the State Personnel Commission made an advisory decision in accordance with G.S. 126-37(b1), the court shall make two initial determinations. First, the court shall determine whether the applicable appointing authority heard new evidence after receiving the recommended decision. If the court determines that the applicable appointing authority heard new evidence, the court shall reverse the decision or remand the case to the applicable appointing authority to enter a decision in accordance with the evidence in the official record. Second, if the applicable appointing authority did not adopt the recommended decision, the court shall determine whether the applicable appointing authority's decision states the specific reasons why the applicable appointing authority did not adopt the recommended decision. If the court determines that the applicable appointing authority did not state specific reasons why it did not adopt a recommended decision, the court shall reverse the decision or remand the case to the applicable appointing authority to enter the specific reasons.

(a1) In reviewing a final decision in a contested case in which an administrative law judge made a decision, in accordance with G.S. 150B-34(a), and the agency adopted the administrative law judge's decision, the court shall determine whether the agency heard new evidence after receiving the decision. If the court determines that the agency heard new evidence, the court shall reverse the decision or remand the case to the agency to enter a decision in accordance with the evidence in the official record. The court shall also determine whether the agency specifically rejected findings of fact contained in the administrative law judge's decision in the manner provided by G.S. 150B-36(b1) and made findings of fact in accordance with G.S. 150B-36(b2). If the court determines that the agency failed to follow the procedure set forth in G.S. 150B-36, the court may take appropriate action under subsection (b) of this section.

(b) Except as provided in subsection (c) of this section, in reviewing a final decision, the court may affirm the decision of

the agency or remand the case to the agency or to the administrative law judge for further proceedings. It may also reverse or modify the agency's decision, or adopt the administrative law judge's decision if the substantial rights of the petitioners may have been prejudiced because the agency's findings, inferences, conclusions, or decisions are:

- (1) In violation of constitutional provisions;
- (2) In excess of the statutory authority or jurisdiction of the agency;
- (3) Made upon unlawful procedure;
- (4) Affected by other error of law;
- (5) Unsupported by substantial evidence admissible under G.S. 150B-29(a), 150B-30, or 150B-31 in view of the entire record as submitted; or
- (6) Arbitrary, capricious, or an abuse of discretion.

(c) In reviewing a final decision in a contested case in which an administrative law judge made a decision, in accordance with G.S. 150B-34(a), and the agency does not adopt the administrative law judge's decision, the court shall review the official record, de novo, and shall make findings of fact and conclusions of law. In reviewing the case, the court shall not give deference to any prior decision made in the case and shall not be bound by the findings of fact or the conclusions of law contained in the agency's final decisions. The court shall determine whether the petitioner is entitled to the relief sought in the petition, based upon its review of the official record. The court reviewing a final decision under this subsection may adopt the administrative law judge's decision; may adopt, reverse, or modify the agency's decision; may remand the case to the agency for further explanations under G.S. 150B-36(b1), 150B-36(b2), or 150B-36(b3), or reverse or modify the final decision for the agency's failure to provide the explanations; and may take any other action allowed by law.

(d) In reviewing a final agency decision allowing judgment on the pleadings or summary judgment, or in reviewing an agency decision that does not adopt an administrative law judge's decision allowing judgment on the pleadings or summary judgment pursuant to G.S. 150B-36(d), the court may enter any order allowed by G.S. 1A-1, Rule 12(c) or Rule 56. If the order of the court does not fully adjudicate the case, the court shall remand the case to the administrative law judge for such further proceedings as are just.

**§ 150B-52. Appeal; stay of court's decision.**

A party to a review proceeding in a superior court may appeal to the appellate division from the final judgment of the superior court as provided in G.S. 7A-27. The scope of review to be applied by the appellate court under this section is the same as it is for other civil cases. In cases reviewed under G.S. 150B-51(c), the court's findings of fact shall be upheld if supported by substantial evidence. Pending the outcome of an appeal, an appealing party may apply to the court that issued the judgment under appeal for a stay of that judgment or a stay of the administrative decision that is the subject of the appeal, as appropriate.

**§§ 150B-53 through 150B-57:** Reserved for future codification purposes.

Article 5.

Publication of Administrative Rules.

**§§ 150B-58 through 150B-64:** Repealed by Session Laws 1991,  
c. 418, s. 5, effective October 1, 1991.

CHAPTER 7A, SUBCHAPTER XII, ARTICLE 60

OFFICE OF ADMINISTRATIVE HEARINGS

OAH Revised 03/10/2009.]

**§ 7A-750. Creation; status; purpose.**

There is created an Office of Administrative Hearings. The Office of Administrative Hearings is an independent, quasi-judicial agency under Article III, Sec. 11 of the Constitution and, in accordance with Article IV, Sec. 3 of the Constitution, has such judicial powers as may be reasonably necessary as an incident to the accomplishment of the purposes for which it is created. The Office of Administrative Hearings is established ensure that administrative decisions are made in a fair and impartial manner to protect the due process rights of citizens who challenge administrative action and to provide a source of independent administrative law judges to conduct administrative hearings in contested cases in accordance with Chapter 150B of the General Statutes and thereby prevent the commingling of legislative, executive, and judicial functions in the administrative process. It shall also maintain dockets and records of contested cases and shall codify and publish all administrative rules.

**§ 7A-751 Agency head; powers and duties; salaries of Chief Administrative Law Judge and other administrative law judges**

(a) The head of the Office of Administrative Hearings is the Chief Administrative Law Judge, who shall serve as Director of the Office. The Chief Administrative Law Judge has the powers and duties conferred on that position by this Chapter and the Constitution and laws of this State and may adopt rules to implement the conferred powers and duties.

The salary of the Chief Administrative Law Judge shall be the same as that fixed from time to time for district court judges. The salary of a Senior Administrative Law Judge shall be ninety-five percent (95%) of the salary of the Chief Administrative Law Judge.

In lieu of merit and other increment raises, the Chief Administrative Law Judge and any Senior Administrative Law Judge shall receive longevity pay on the same basis as is provided to employees of the State who are subject to the State Personnel Act.

(b) The salary of other administrative law judges shall be ninety percent (90%) of the salary of the Chief Administrative Law Judge.

In lieu of merit and other increment raises, an administrative law judge shall receive longevity pay on the same basis as is provided to employees who are subject to the State Personnel Act.

**§ 7A-752. Chief Administrative Law Judge appointments; vacancy.**

The Chief Administrative Law Judge of the Office of Administrative Hearings shall be appointed by the Chief Justice for a term of office of four years. The first Chief Administrative Law Judge shall be appointed as soon as practicable for a term to begin on the day of his appointment and to end on June 30, 1989. Successors to the first Chief Administrative Law Judge shall be appointed for a term to begin on July 1 of the year the preceding term ends and to end on June 30 four years later. A Chief Administrative Law Judge may continue to serve beyond his term until his successor is duly appointed and sworn, but any holdover shall not affect the expiration date of the succeeding term.

The Chief Administrative Law Judge shall designate one administrative law judge as senior administrative law judge. The senior administrative law judge may perform the duties of Chief Administrative Law Judge if the Chief Administrative Law Judge is absent or unable to serve temporarily for any reason.

**§ 7A-753. Additional Administrative Law Judges; appointment; specialization.**

The Chief Administrative Law Judge shall appoint additional administrative law judges to serve in the Office of Administrative Hearings in such numbers as the General Assembly provides. No person shall be appointed or designated an administrative law judge except as provided in this Article.

The Chief Administrative Law Judge may designate certain administrative law judges as having the experience and expertise to preside at specific types of contested cases and assign only these designated administrative law judges to preside at those cases.

**§ 7A-754 Qualifications; standards of conduct; removal.**

Only persons duly authorized to practice law in the General Court of Justice shall be eligible for appointment as the Director and chief administrative law judge or as an administrative law judge in the Office of Administrative Hearings. The Chief Administrative Law Judge and the administrative law judges shall comply with the Model Code of Judicial Conduct for State Administrative Law Judges, as adopted by the National Conference of Administrative Law Judges, Judicial Division, American Bar Association, (revised August 1998), as amended from time to time, except that the provisions of this section shall control as to the private practice of law in lieu of Canon 4G, and G.S. 126-13 shall



control as to political activity in lieu of Canon 5. Failure to comply with the applicable provisions of the Model Code may constitute just cause for disciplinary action under Chapter 126 of the General Statutes and grounds for removal from office. Neither the chief administrative law judge nor any administrative law judge may engage in the private practice of law as defined in G.S. 84-2.1 while in office; violation of this provision shall constitute just cause for disciplinary action under Chapter 126 of the General Statutes and shall be grounds for removal from office. Each administrative law judge shall take the oaths required by Chapter 11 of the General Statutes. An administrative law judge may be removed from office by the Director of the Office of Administrative Hearings for just cause, as that term is used in G.S. 126-35 and this section.

**§ 7A-755. Expenses reimbursed.**

The Chief Administrative Law Judge of the Office of Administrative Hearings and all administrative law judges shall be reimbursed for travel and subsistence expenses at the rates allowed to State officers and employees by G.S. 138-6(a).

**§ 7A-756. Power to administer oaths and issue subpoenas.**

The chief administrative law judge and all administrative law judges in the Office of Administrative Hearings may, in connection with any pending or potential contested case under Chapter 150B:

- (1) Administer oaths and affirmations;
- (2) Sign and issue subpoenas in the name of the Office of Administrative Hearings requiring attendance and giving of testimony by witnesses and the production of books, papers, and other documentary evidence; and
- (3) Apply to the General Court of Justice, Superior Court Division, for any order necessary to enforce the powers conferred in this Article.

**§ 7A-757. Temporary administrative law judges; appointments; powers and standards; fees.**

When regularly appointed administrative law judges are unavailable, the Chief Administrative Law Judge of the Office of Administrative Hearings may contract with qualified individuals to serve as administrative law judges for specific assignments. A temporary administrative law judge shall have the same powers and adhere to the same standards as a regular administrative law judge in the conduct of a hearing. A temporary administrative law judge shall not be considered a State employee by virtue of this assignment, and shall be remunerated for his service at a rate not to exceed three hundred dollars (\$300.00) per day and shall be reimbursed for travel and subsistence expenses at the rate allowed to State officers and employees by G.S. 138-6(a). The Chief

Administrative Law Judge may also designate a full-time State employee to serve as a temporary administrative law judge with the consent of the employee and his supervisor; however, the employee is not entitled to any additional pay for this service.

**§ 7A-758. Availability of administrative law judge to exempt agencies.**

The Chief Administrative Law Judge of the Office of Administrative Hearings may, upon request of the head of the agency, provide an administrative law judge to preside at hearings of public bodies not otherwise authorized or required by statute to utilize an administrative law judge from the Office of Administrative Hearings including, but not limited to, State agencies exempt from the provisions of Chapter 150B, municipal corporations or other subdivisions of the State, and agencies of such subdivisions.

**§ 7A-759. Role as deferral agency.**

(a) The Office of Administrative Hearings is designated to serve as the State's deferral agency for cases deferred by the Equal Employment Opportunity Commission to the Office of Administrative Hearings as provided in Section 706 of the Civil Rights Act of 1964, 42 U.S.C. § 2000e-5, the Age Discrimination in Employment Act, 29 U.S.C. § 621 et seq., and the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq. for charges filed by State or local government employees covered under Chapter 126 of the General Statutes and shall have all of the powers and authority necessary to function as a deferral agency.

(b) The Chief Administrative Law Judge is authorized and directed to contract with the Equal Employment Opportunity Commission for the Office of Administrative Hearings to serve as a deferral agency and to establish and maintain a Civil Rights Division in the Office of Administrative Hearings to carry out the functions of a deferral agency.

(b1) As provided in the contract between the Office of Administrative Hearings and the Equal Employment Opportunity Commission, a deferred charge for purposes of 42 U.S.C. § 2000e-5(c) or (d) is a charge that is filed by a State or local government employee covered under Chapter 126 of the General Statutes and alleges an unlawful employment practice prohibited under that Chapter or any other State law. A deferred charge may be filed with either agency.

The date a deferred charge is filed with either agency is considered to be a commencement of proceedings under State law for purposes of 42 U.S.C. § 2000e-5(c) or (d). The filing of a deferred charge automatically tolls the time limit under G.S. 126-7.2, 126-35, 126-38, and 150B-23(f) and any other State law that sets a time limit for filing a contested case under Article 3 of Chapter 150B of the General Statutes alleging an unlawful employment practice. These time limits are tolled until the completion of the investigation and of any informal

methods of resolution pursued pursuant to subsection (d) of this section.

(c) In investigating charges an employee of the Civil Rights Division of the Office of Administrative Hearings specifically designated by an order of the Chief Administrative Law Judge filed in the pending case may administer oaths and affirmations.

(c1) In investigating charges, an employee of the Civil Rights Division shall have access at reasonable times to State premises, records, and documents relevant to the charge and shall have the right to examine, photograph, and copy evidence. Any challenge to the Civil Rights Division to investigate the deferred charge shall not constitute grounds for denial or refusal to produce or allow access to the investigative evidence.

(d) Any charge not resolved by informal methods of conference, conciliation or persuasion may be heard as a contested case as provided in Article 3 of Chapter 150B of the General Statutes.

(e) Notwithstanding G.S. 150B-34 and G.S. 150B-36, an order entered by an administrative law judge after a contested case hearing on the merits of a deferred charge is a final agency decision and is binding on the parties. The administrative law judge may order whatever remedial action is appropriate to give full relief consistent with the requirements of federal statutes or regulations or State statutes or rules.

(f) In addition to the authority vested in G.S. 7A-756 and G.S. 150B-33, an administrative law judge may monitor compliance with any negotiated settlement, conciliation agreement or order entered in a deferred case.

(g) The standards of confidentiality established by federal statute or regulation for discrimination charges shall apply to deferred cases investigated or heard by the Office of Administrative Hearings.

(h) Nothing in this section shall be construed as limiting the authority or right of any federal agency to act under any federal statute or regulation.

(i) This section shall be broadly construed to further the general purposes stated in this section and the specific purposes of the particular provisions involved.

**§ 7A-760. Number and status of employees; staff assignments; role of State Personnel Commission.**

(a) The number of administrative law judges and employees of the Office of Administrative Hearings shall be established by the General Assembly. The Chief Administrative Law Judge is exempt from provisions of the State Personnel Act as provided by G.S. 126-5(c1)(26). All other employees of the Office of Administrative Hearings are subject to the State Personnel Act.

(b) The Chief Administrative Law Judge shall designate, from among the employees of the Office of

Administrative Hearings, the Director and staff of the Rules Review Commission

## CHAPTER 143B, ARTICLE 1, PART 3

### RULES REVIEW COMMISSION

[The following statutory provisions govern the RRC. Updated 11/09/10]

#### **§ 143B-30.1. Rules Review Commission created.**

(a) The Rules Review Commission is created. The Commission shall consist of 10 members to be appointed by the General Assembly, five upon the recommendation of the President Pro Tempore of the Senate, and five upon the recommendation of the Speaker of the House of Representatives. These appointments shall be made in accordance with G.S. 120-121, and vacancies in these appointments shall be filled in accordance with G.S. 120-122. Except as provided in subsection (b) of this section, all appointees shall serve two-year terms.

(b) In 1990, two of the appointments made by the General Assembly upon the recommendation of the President of the Senate shall expire June 30, 1991, and two shall expire June 30, 1992. In 1990, two of the appointments made by the General Assembly upon the recommendation of the Speaker of the House of Representatives shall expire June 30, 1992, and two shall expire June 30, 1993. Subsequent terms shall be for two years.

(c) Any appointment to fill a vacancy on the Commission created by the resignation, dismissal, ineligibility, death, or disability of any member shall be for the balance of the unexpired term. The chairman shall be elected by the Commission, and he shall designate the times and places at which the Commission shall meet. The Commission shall meet at least once a month. A quorum of the Commission shall consist of six members of the Commission.

(d) Members of the Commission who are not officers or employees of the State shall receive compensation of two hundred dollars (\$200.00) for each day or part of a day of service plus reimbursement for travel and subsistence expenses at the rates specified in G.S. 138-5. Members of the Commission who are officers or employees of the State shall receive reimbursement for travel and subsistence at the rate set out in G.S. 138-6.

(e) The Chief Administrative Law Judge, Office of Administrative Hearings, shall assign the staff and designate the Director of the Commission in accordance with G.S. 7A-760.

(f) The Commission shall prescribe procedures and forms to be used in submitting rules to the Commission for review. The Commission may have computer access to the North Carolina Administrative Code to enable the Commission and its staff to view and copy rules in the Code. (1985 (Reg. Sess., 1986), c. 1028, s. 32; 1987 (Reg. Sess., 1988), c. 1111, s. 2; 1989, c. 35, s. 2; 1989 (Reg. Sess., 1990), c. 1038, s. 18; 1991, c. 418, s. 11; 1991 (Reg. Sess., 1992), c. 1030, s. 43; 1995, c. 490, s. 43; 1997-495, s. 90(a), (b); 2004-124, s. 22A.1(b); 2006-66, s. 18.2(f); 2006-221, s. 20; 2009-451, s. 21A.2; 2009-575, s. 19.)

#### **§ 143B-30.2. Purpose of Commission.**

The Rules Review Commission reviews administrative rules in accordance with Chapter 150B of the General Statutes. (1985 (Reg. Sess., 1986), c. 1028, s. 32; 1987, c. 285, ss. 1-5; 1991, c. 418, s. 12.)

#### **§ 143B-30.3. Repealed by Session Laws 1991, c. 418, s. 5.**

#### **§ 143B-30.4. Evidence.**

Evidence of the Commission's failure to object to and delay the filing of a rule or its part shall be inadmissible in all civil or criminal trials or other proceedings before courts, administrative agencies, or other tribunals. (1985 (Reg. Sess., 1986), c. 1028, s. 32.)

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## NORTH CAROLINA OFFICE OF ADMINISTRATIVE HEARINGS

### **Mission Statement**

To serve the citizens of North Carolina, with quality and efficiency, by providing an independent forum for prompt and impartial resolution of administrative law contested cases involving citizens and state agencies; by investigating alleged acts of unlawful employment practices in state government; by functioning as the State's codifier and publisher of all administrative rules; and by reviewing administrative rules prior to approval by the Rules Review Commission.

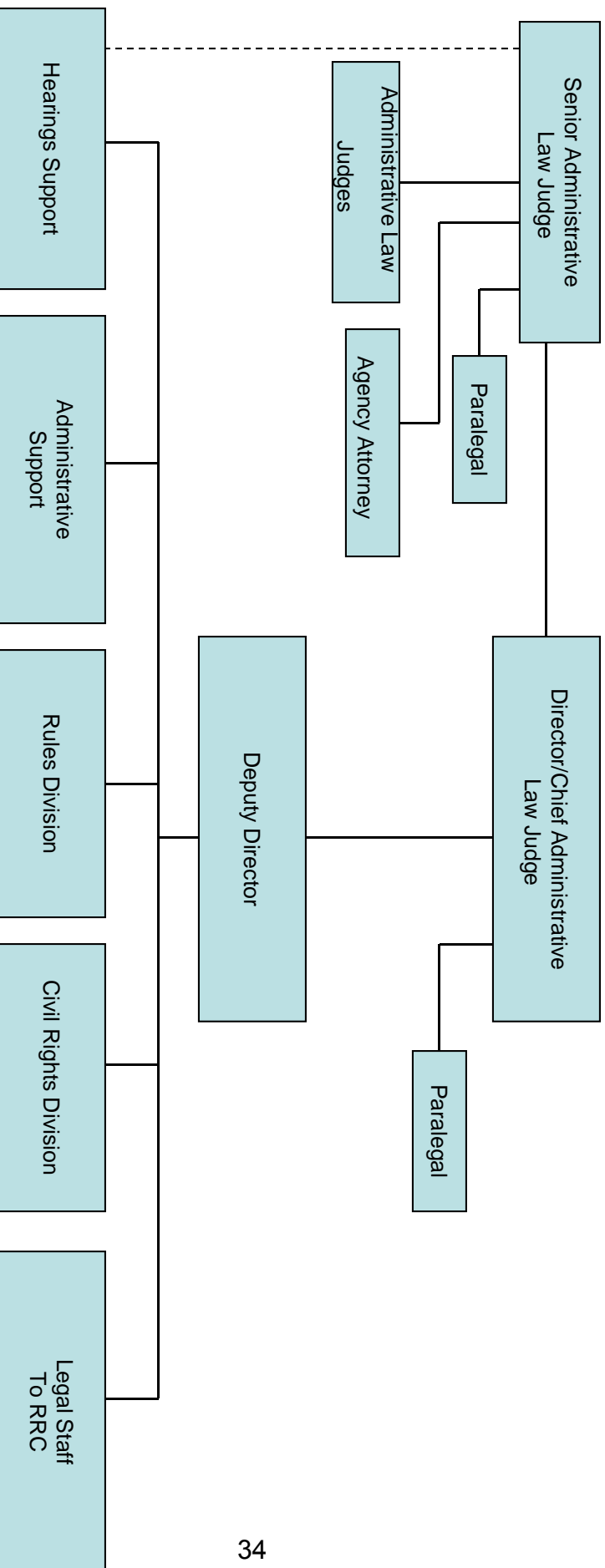
### **Goal(s) and Objectives**

To improve service to the public by enhancing new technologies and information systems.

To improve service to the public by proactively enhancing employee productivity.

To develop positive and constructive relationships with agencies, the public and employees through external and internal training programs and seminars.

## Office of Administrative Hearings Organization Chart



# Office of Administrative Hearings

## CONTINUATION BUDGET

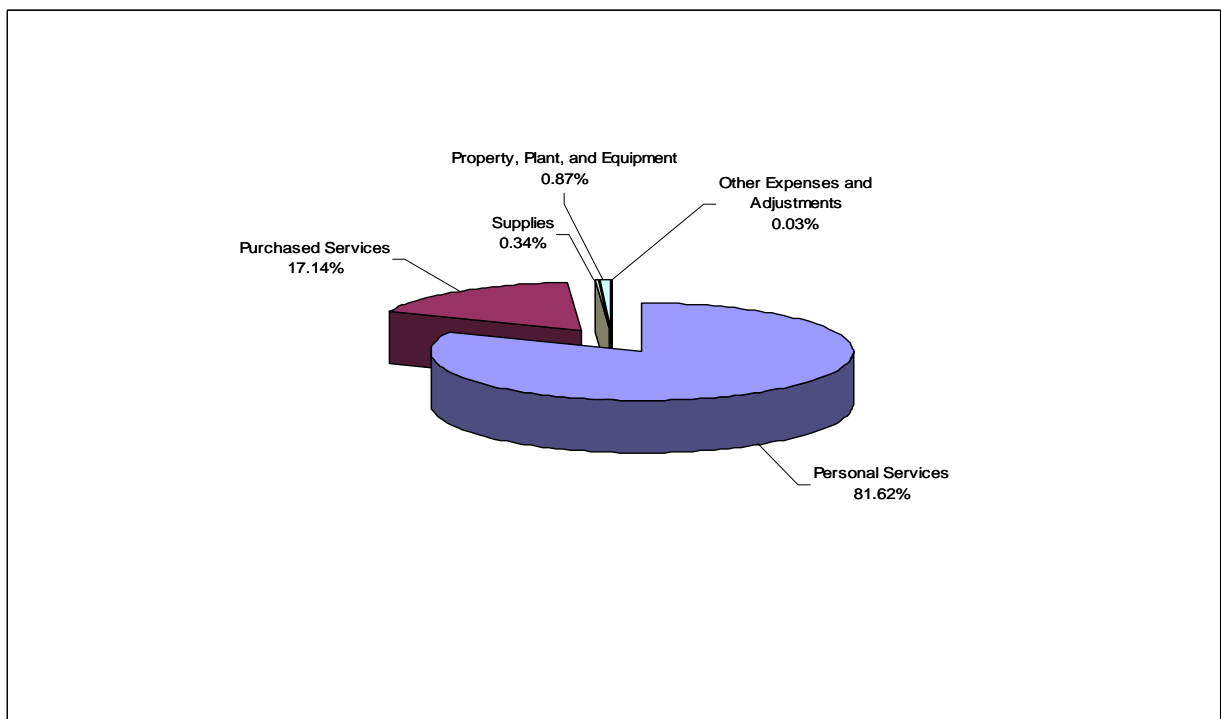
### Fiscal Data

	2009-2010 Actual	2010-2011 Certified	2010-2011 Authorized	2011-2012 Recommended	2012-2013 Recommended
<b>General Fund</b>					
<b>Budget Code 18210</b>					
<b>Total Requirements</b>	\$5,266,253	\$4,383,681	\$4,387,306	\$4,387,306	\$4,387,306
<b>Receipts</b>	\$1,695,150	\$54,859	\$58,484	\$58,484	\$58,484
<b>General Fund Appropriation</b>	\$3,571,103	\$4,328,822	\$4,328,822	\$4,328,822	\$4,328,822
<b>Less: Recommended Adjustments</b>	\$0	\$0	\$0	(\$318,228)	(\$340,943)
<b>Adjusted Appropriation</b>	\$3,571,103	\$4,328,822	\$4,328,822	\$4,010,594	\$3,987,879

### Expenditures by Category:

<b>531XXX Personal Services</b>	\$3,161,374	\$3,577,330	\$3,580,955	\$3,580,955	\$3,580,955
<b>532XXX Purchased Services</b>	\$1,699,687	\$752,091	\$752,091	\$752,091	\$752,091
<b>533XXX Supplies</b>	\$15,217	\$14,698	\$14,698	\$14,698	\$14,698
<b>534XXX Property, Plant, and Equipment</b>	\$26,971	\$38,106	\$38,106	\$38,106	\$38,106
<b>535XXX Other Expenses and Adjustments</b>	\$16,404	\$1,456	\$1,456	\$1,456	\$1,456
<b>538XXX Intergovernmental Transactions</b>	\$346,600	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>	\$5,266,253	\$4,383,681	\$4,387,306	\$4,387,306	\$4,387,306

### 2011-2012 Recommended Continuation Budget



**Office of Administrative Hearings**

**CONTINUATION BUDGET**

**Fiscal Data**

	<b>2009-2010 Actual</b>	<b>2010-2011 Certified</b>	<b>2010-2011 Authorized</b>	<b>2011-2012 Recommended</b>	<b>2012-2013 Recommended</b>
<b><u>General Fund</u></b>					
<b>Budget Code 28210</b>					
<b>Total Requirements</b>	\$0	\$445,900	\$445,900	\$445,900	\$445,900
<b>Receipts</b>					
<b>General Fund Appropriation</b>	\$0	\$445,900	\$445,900	\$445,900	\$445,900
<b>Less: Recommended Adjustments</b>	\$0	\$0	\$0	\$0	\$0
<b>Adjusted Appropriation</b>	\$0	\$445,900	\$445,900	\$445,900	\$445,900
<b>Expenditures by Category:</b>					
<b>532XXX Maintenance Agreement - Software</b>	\$0	\$17,500	\$17,500	\$17,500	\$17,500
<b>534XXX Property, Plant, and Equipment</b>	\$0	\$428,400	\$428,400	\$428,400	\$428,400
<b>Total Expenditures</b>	\$0	\$445,900	\$445,900	\$445,900	\$445,900

Presently, OAH has two software applications that were developed in-house but now must be replaced due to obsolete technology and increased business needs. One of these applications, the Case Automated Tracking System, now over 12 years old, is in severe danger of failing. This application is crucial to the core mission of the Office of Administrative Hearings. An RFP was developed and released for the more critical of the two projects – the case management system for the Hearings division. A year in development, RFP number 67-0038847, had a bid due date of June 6, 2008. Submissions were received and evaluated over the next several months. The bid evaluation process determined that the responses were all above the OAH budget and the RFP had to be cancelled December 19, 2008. During the first half of 2009, OAH technology staff turned their attention to IT consolidation, designing and implementing state of the art courtroom electronics for the new OAH facilities, reworking the agency disaster recovery plan for the new facilities, developing mandatory pandemic plans and making changes to the second agency application, the Rules Tracking System. OAH continued to look at court case management solutions and possibilities to find a viable solution for our obsolete systems. Subsequent discussions with OSBM and ITS indicated that OAH could combine the funds allocated for the second project to augment the first project if the solutions were compatible with both. Both projects have overlapping functional requirements and this could make the project viable. In February 2010, OAH asked ITS for assistance in developing a new RFP and began working with ITS representatives. During the time, OAH participated in cash management collaboration meetings with ITS and other agencies to determine common needs and solutions. Additionally, OAH is a member of the State Portal Advisory Board and anticipates receiving functionality via this statewide initiative. OAH has been careful to understand statewide initiatives and relationships to maximize the return of the technology investment. A new RFP was posted December 1, 2010. OAH is in the final review with two vendors and will award a contract at the completion of this review.



## NORTH CAROLINA OFFICE OF ADMINISTRATIVE HEARINGS

### Divisions/Programs

#### Administrative Division Mission Statement:

To provide and implement the financial, budgetary, technology and human resources functions necessary to carry out the mission, goals and objectives of the Office of Administrative Hearings.

#### Civil Rights Division Mission Statement:

To investigate, educate and eliminate prohibited discrimination in State government through conciliation, negotiation and settlement.

#### Hearings Division Mission Statement:

To provide a constitutional forum for the delivery of a citizen's right to due process of law through the impartial resolution of administrative law contested cases, and assisting parties with information as to the procedures by which they can contest the state agency action.

#### Rules Division Mission Statement:

To serve as the state's codifier and publisher of all administrative rules; and provide administrative and legal support to the Rules Review Commission prior to approval of proposed administrative rules.

**OFFICE OF ADMINISTRATIVE HEARINGS**

**BUDGET SUMMARY BY DIVISION**

	<b><u>2011-2012 Recommended Appropriation</u></b>	<b><u>2012-2013 Recommended Appropriation</u></b>	<b><u>Number of Positions</u></b>
<b><u>1100-110 Administration/Fiscal Management</u></b>			<b>5</b>
<b>Total Requirements</b>	\$427,062	\$427,062	
<b>Receipts</b>	\$4,493	\$4,493	
<b>Total Appropriation</b>	\$422,569	\$422,569	
<b><u>1100-111 Civil Rights Division</u></b>			<b>10</b>
<b>Total Requirements</b>	\$674,180	\$674,180	
<b>Receipts</b>	\$50,366	\$50,366	
<b>Total Appropriation</b>	\$623,814	\$623,814	
<b><u>1100-112 Hearings Division</u></b>			<b>21</b>
<b>Total Requirements</b>	\$2,008,443	\$2,008,443	
<b>Receipts</b>	\$3,625	\$3,625	
<b>Total Appropriation</b>	\$2,004,818	\$2,004,818	
<b>1100-113 Rules Division</b>			<b>6</b>
<b>Total Requirements</b>	\$475,770	\$475,770	
<b>Receipts</b>	\$0	\$0	
<b>Total Appropriation</b>	\$475,770	\$475,770	
<b>1100-114 Support Services</b>			<b>0</b>
<b>Total Requirement</b>	\$801,851	\$801,851	
<b>Receipts</b>	\$0	\$0	
<b>Total Appropriation</b>	\$801,851	\$801,851	
<b>Total Agency Appropriation</b>	\$4,328,822	\$4,328,822	<b>42</b>

**Office of Administrative Hearings  
Vacancy Summary  
at January 1, 2011**

	Position	Date Vacant	Budget Amount	Number of Days Vacant	Position FTE	FT FTE Positions
60088595	Civil Rights Investigator	10/31/2009	44,670.00	426	1.0000	1.0000
60088603	Administrative Law Judge	12/22/2010	98,436.00	9	1.0000	1.0000
			143,106.00		2.0000	2.0000

note 1

note 1: This position was filled effective January 10, 2011

**Office of Administrative Hearings**

**Agency Retirement Eligibility**

**30+ Years of Service**

	Position		Number of Service Months
Rules Division	60088584	Director, Rules Division	373
Civil Rights Division	60088591	Intake Coordinator	378
Civil Rights Division	60088594	Civil Rights Investigator	386
Hearings Division	60088586	Processing Assistant IV	387
Hearings Division	60088590	Paralegal II	394
Hearings Division	60088601	Sr. Administrative Law Judge	496
Hearings Division	60088588	Paralegal III	510
Administrative Division	60088574	Deputy Director	552

**Position Count: 8**

**27+ Years of Service**

	Position		Number of Service Months
Rules Division	60088613	Commission Counsel	324
Hearings Division	60088605	Administrative Law Judge	324
Hearings Division	60088604	Administrative Law Judge	343
Civil Rights Division	60088593	Director, Civil rights Division	344

**Position Count: 4**

BUDGET PREPARATION SYSTEM  
BUDGET PREPARATION WORKSHEET I (DETAIL REQUEST)  
FUND DETAIL

AMG  
ATTACHMENT 4

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18210 Administration and Operations  
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CODE	DESCRIPTION	2009-2010 ACTUAL (3)	2010-2011 CERTIFIED (4)	2010-2011 AUTHORIZED (5)	2011-2012 INCR/DECR (6)	2011-2012 TOTAL (7)	2012-2013 INCR/DECR (8)	2012-2013 TOTAL (9)
REQUIREMENTS								
53 1111	EPA-REG SALARIES-APPRO	109,372	109,372	109,372	0	109,372	0	109,372
53 1211	SPA-REG SALARIES-APPRO	2,348,200	2,600,396	2,600,396	0	2,600,396	0	2,600,396
53 1311	TEMPORARY WAGES	29,060	52,188	52,188	0	52,188	0	52,188
53 1411	OT PAY APPROPRIATED	10,433	0	0	0	0	0	0
53 1452	DUAL EMPLOYMENT	3,625	0	3,625	0	3,625	0	3,625
53 1461	EPA&SPA-LONGVTY PAY-APPR	69,612	74,954	74,954	0	74,954	0	74,954
53 1511	SOCIAL SEC CONTRIB-APPRO	189,477	219,811	219,811	0	219,811	0	219,811
53 1521	REG RETIRE CONTRIB-APPRO	215,899	284,716	284,716	0	284,716	0	284,716
53 1561	MED INS CONTRIB-APPRO	167,921	223,293	223,293	0	223,293	0	223,293
53 1576	FLEXIBLE SPENDING SAVING	2,775	0	0	0	0	0	0
53 1651	BOARD COMPENSATION	15,000	12,600	12,600	0	12,600	0	12,600
TOTAL PERSONAL SERVICES		3,161,374	3,577,330	3,580,955	0	3,580,955	0	3,580,955
53 2110	LEGAL SERVICE-JUDGE	0	4,500	4,500	0	4,500	0	4,500
53 2144	DESKTOP SUPPORT SERVICE	46,846	41,844	41,844	0	41,844	0	41,844
53 2145	SERVER HOSTING SERVICE	3,026	28,521	28,521	0	28,521	0	28,521
53 2170	ADMIN SERVICES	1,197,045	0	0	0	0	0	0
53 2184	JANITORIAL SERVICE	10,665	20,600	20,600	0	20,600	0	20,600
53 2199	MISC. CONTRACT SER	6,362	15,000	15,000	0	15,000	0	15,000
53 2210	ENGR.SER ELECTRICAL	15,348	31,500	31,500	0	31,500	0	31,500
53 2230	ENGR.SER WATER & SEWER	862	2,000	2,000	0	2,000	0	2,000
53 2430	MAINT AGREEM EQUIP	6,928	12,646	12,646	0	12,646	0	12,646
53 2449	SOFTWARE MAINTENANCE	0	46,640	46,640	0	46,640	0	46,640
53 2512	RENT/LEASE-BLDINGS/OFFIC	204,860	345,821	345,821	0	345,821	0	345,821
53 2712	TRANS. AIR-OUT STATE	351	1,000	1,000	0	1,000	0	1,000
53 2714	TRANSP-GRND - IN STATE	21,673	24,490	24,490	0	24,490	0	24,490
53 2715	TRANS GRND-OUT STA, IN US	85	700	700	0	700	0	700
53 2721	LODGING IN STATE	5,245	8,903	8,903	0	8,903	0	8,903
53 2722	LODGING OUT STATE	938	764	764	0	764	0	764
53 2724	MEALS - IN STATE	2,834	3,066	3,066	0	3,066	0	3,066
53 2725	MEALS-OUT OF STATE, IN US	226	1,153	1,153	0	1,153	0	1,153
53 2731	BD/NON EMPLOYEE TRANS	22,762	19,150	19,150	0	19,150	0	19,150
53 2732	BD/NON-EMPLOYEE SUBSIS	5,514	8,187	8,187	0	8,187	0	8,187
53 2811	TELEPHONE SERVICE	8,911	21,060	21,060	0	21,060	0	21,060
53 2812	TELECOMM DATA CHAR	3,631	36,222	36,222	0	36,222	0	36,222
53 2815	EMAIL & CALENDARING	0	5,520	5,520	0	5,520	0	5,520
53 2821	COMPUTER/DATA PROCESS SV	45,670	0	0	0	0	0	0
53 2822	LAN SERVICES	48,196	14,883	14,883	0	14,883	0	14,883
53 2840	POSTAGE, FREIGHT & DELIV	39,416	44,428	44,428	0	44,428	0	44,428
53 2850	PRINT, BIND, DUPLICATE	245	4,699	4,699	0	4,699	0	4,699

BUDGET PREPARATION SYSTEM  
BUDGET PREPARATION WORKSHEET I (DETAIL REQUEST)  
FUND DETAIL

AWG  
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CODE (1)	DESCRIPTION (2)	2009-2010 ACTUAL (3)	2010-2011 CERTIFIED (4)	2010-2011 AUTHORIZED (5)	2011-2012 INCR/DECR (6)	2011-2012 TOTAL (7)	2012-2013 INCR/DECR (8)	2012-2013 TOTAL (9)
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REQUIREMENTS

53 2930	REGISTRATION FEES	573	3,100	3,100	0	3,100	0	3,100
53 2942	OTHER EMP EDUCATIONAL EX	1,475	5,694	5,694	0	5,694	0	5,694
TOTAL PURCHASED SERVICES		1,699,687	752,091	752,091	0	752,091	0	752,091
53 3110	GENERAL OFFICE SUPPLIES	15,217	14,698	14,698	0	14,698	0	14,698
TOTAL SUPPLIES		15,217	14,698	14,698	0	14,698	0	14,698
53 4511	FURN-OFFICE	31	2,040	2,040	0	2,040	0	2,040
53 4521	OFFICE EQUIPMENT	1,450	8,475	8,475	0	8,475	0	8,475
53 4534	PC & PRINTER PURCHASES	2,502	18,091	18,091	0	18,091	0	18,091
53 4630	LIBRARY/LARNING RESRCE COLL	22,988	6,000	6,000	0	6,000	0	6,000
53 4714	SERVER SOFTWARE PURCHASE	0	3,500	3,500	0	3,500	0	3,500
TOTAL PROPERTY, PLANT & EQUIPMT		26,971	38,106	38,106	0	38,106	0	38,106
53 5830	ENTER MEMBERSHIP DUES/SU	4,502	100	100	0	100	0	100
53 5840	SERVICE & OTHER AWARDS	381	250	250	0	250	0	250
53 5890	OTHER ADMIN EXPENSE	11,521	1,106	1,106	0	1,106	0	1,106
TOTAL OTHER EXPENSES & ADJUSTMEN		16,404	1,456	1,456	0	1,456	0	1,456
53 8990	TRANSFER TO SUB YEAR	346,600	0	0	0	0	0	0
TOTAL INTRAGOVERNMENTAL TRANSACT		346,600	0	0	0	0	0	0
TOTAL REQUIREMENTS		5,266,253	4,383,681	4,387,306	0	4,387,306	0	4,387,306

ESTIMATED RECEIPTS

43 4160	FEDERAL RECEIPTS	46,850	50,366	50,366	0	50,366	0	50,366
43 4190	OTHER SALES & SERVICES	9,172	4,493	4,493	0	4,493	0	4,493
43 5900	OTHER LICENSES & FEES	25,290	0	0	0	0	0	0
43 8102	DHHS VALUE OPTION	1,000,000	0	0	0	0	0	0
53 8220	DUAL EMPLOYMENT REIMBURS	3,625	3,625	3,625	0	3,625	0	3,625
43 8901	AGENCY PRIOR YR CAR FORM	610,213	0	0	0	0	0	0

BUDGET PREPARATION SYSTEM  
BUDGET PREPARATION WORKSHEET I (DETAIL REQUEST)  
FUND DETAIL

AWG  
ATTACHMENT 4

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1100 Administration and Operations

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CODE (1)	DESCRIPTION (2)	2009-2010 ACTUAL (3)	2010-2011 CERTIFIED (4)	2010-2011 AUTHORIZED (5)	2011-2012 INCR/DECR (6)	2011-2012 TOTAL (7)	2012-2013 INCR/DECR (8)	2012-2013 TOTAL (9)
-----								
TOTAL RECEIPTS		1,695,150	54,859	58,484	0	58,484	0	58,484
-----								
NET APPROPRIATION		3,571,103	4,328,822	4,328,822	0	4,328,822	0	4,328,822





**BUDGET PREPARATION SYSTEM  
BUDGET PREPARATION WORKSHEET I (DETAIL REQUEST)**

FUND DETAIL  
POSITION COUNTS

ATTACHMENT 5

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CODE	DESCRIPTION	2009-2010 ACTUAL	2010-2011 CERTIFIED	2010-2011 AUTHORIZED	2011-2012 INCR/DECR	2011-2012 TOTAL	2012-2013 INCR/DECR	2012-2013 TOTAL
1100 1111		.000	1.000	1.000	.000	1.000	.000	1.000
1100 1211		.000	41.000	41.000	.000	41.000	.000	41.000

**OFFICE OF ADMINISTRATIVE HEARINGS  
BUDGET REDUCTIONS OF 5%, 10% AND 15%  
FOR THE 2011-2013 BIENNIUM**

Base Budget Appropriation	<u>\$4,328,822.00</u>
5% Reduction Amount	\$216,441.00
10% Reduction Amount	\$432,882.00
15% Reduction Amount	\$649,323.00

The Office of Administrative Hearings has one (1) vacant position. This is Civil Rights Investigator position and the total value of the position including salary and fringes is \$57,710. In order to absorb budget reductions beyond this amount, OAH will have to identify filled positions for elimination and the related employees for RIF. For OAH to meet even a 5% budget reduction, 3.5 additional filled positions must be identified. In order for OAH to withstand a 10% or 15% budget reduction, the agency will have to identify 9.5 to 12.5 total positions for elimination. With a current staff of only 42 employees, this will have a significant negative impact upon the statutorily mandated core mission of the agency.

The constitutional requirements of due process of law mandate administrative hearings which are statutorily required by the A.P.A. North Carolina's central panel achieves substantial economies of scale conducting statewide hearings that otherwise would have to be conducted in duplicative fashion by each agency of government, at a cost that would far exceed the OAH budget for this purpose, by officials who are not as judicially independent or qualified. These economies of scale can result in even more savings to the state by combining all administrative hearings within OAH or a significant portion of these hearings. Significantly cutting the Hearings Division positions will reduce the possibility of OAH absorbing these hearings. Case filings, even if accepted, would take much longer to process and calendar the hearing. There will be a significant backlog in processing, investigating and resolving of charges of alleged discrimination by state employees in government that are filed with the Civil Rights Division as required by G.A. 7A-759. The Rules Division will not meet the statutory requirements for publication of proposed rules in N.C. Register to be codified in the N.C. Administrative Code as required by article 2A of the A.P.A. The legal staff for the Rules Review Commission will not review proposed rules to meet statutorily mandated deadlines for the review and approval of all agency rules.

The proposed budget reductions in the amounts of 5%, 10% and 15% will require legislative changes in OAH statutory authority because these reductions will result in a cut in positions of 10.7% to 29.7% of the total positions of the agency. All but one of these positions are presently filled. Reductions of this magnitude will mean that OAH will no longer be able to meet its statutory obligations to conduct hearings required by the constitution for all contested case petitions filed by citizens with this office, to investigate and resolve statutorily mandated charges of alleged discrimination in state government employment or to meet the statutory deadlines for codification of the rules of state agencies.

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*Governor's Recommended Adjustments to Base Budget*

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**Office of Administrative Hearings (18210)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$4,387,306	\$4,387,306
<b>Receipts</b>	<u>\$58,484</u>	<u>\$58,484</u>
<b>Appropriation</b>	\$4,328,822	\$4,328,822
<b>Adjustments</b>		
<b>Requirements</b>	(\$318,228)	(\$340,943)
<b>Receipts</b>	=	=
<b>Appropriation</b>	(\$318,228)	(\$340,943)
<b>Total</b>		
<b>Requirements</b>	\$4,069,078	\$4,046,363
<b>Receipts</b>	<u>\$58,484</u>	<u>\$58,484</u>
<b>Recommended Appropriation</b>	<u>\$4,010,594</u>	<u>\$3,987,879</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	42.000	42.000
<b>Reductions</b>	(2.400)	(2.400)
<b>Continuation</b>	-	-
<b>Expansion</b>	<u>-</u>	<u>-</u>
<b>Recommended Positions</b>	<u>39.600</u>	<u>39.600</u>

## Appropriation Items -- Recommended Adjustments

### Reductions

2011-12      2012-13

#### 1. Management Flexibility Reduction

The Governor recommends a management flexibility reserve to eliminate two positions and reduce various operating accounts.

<b>Appropriation</b>	<b>(\$303,018)</b>	<b>(\$303,018)</b>
<b>Positions</b>	<b>(2,000)</b>	<b>(2,000)</b>

#### 2. Employee Retirement Incentive Program

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

<b>Appropriation</b>	<b>(\$15,210)</b>	<b>(\$37,925)</b>
<b>Positions</b>	<b>(.400)</b>	<b>(.400)</b>

### Total Recommended Reductions

2011-12      2012-13

#### Recurring

Requirements	(\$318,228)	(\$340,943)
Receipts	-	-
Appropriation	(\$318,228)	(\$340,943)
Positions	(2,400)	(2,400)

#### Nonrecurring

Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
Office of Administrative Hearings (18210)  
2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$318,228)	(\$340,943)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$318,228)	(\$340,943)
Positions	(2,400)	(2,400)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$318,228)	(\$340,943)
<b>Total Position Adjustments</b>	(2,400)	(2,400)

## NORTH CAROLINA OFFICE OF ADMINISTRATIVE HEARINGS

### Administrative Division:

This division is responsible for overseeing the execution of the statutory duties required of the Office of Administrative Hearings by providing leadership, strategic planning, financial and fiscal analysis and information, information technology support and allocation of resources for the agency. To accomplish these functions, the Division:

- Manages and analyzes financial information, including preparation of agency annual financial statements.
- Develops and executes the budget as passed by the General Assembly and analyzes issues impacting the agency's budget and management resources.
- Forecasts the agency financial needs and projects the availability of resources to meet these needs on a weekly basis.
- Conducts general ledger accounting, maintains all agency accounts, payroll services, cash management, contract management, asset and liability management, performs all agency purchasing activities.
- Oversees the recruitment and management of personnel, coordinates and executes staff acquisition, position and compensation management, benefits and performance management, and health and safety activities.
- Provides support for all information technology hardware and software for agency specific applications. Provides support for agency employees, in three locations, including printers, copiers, FAX and courtroom multi-media, digital recording , video conferencing and internal and external websites.
- Conducts business continuity planning and development and disaster recovery planning and development.
- Provides agency CIO activities such as strategic planning and IT security.

Position Summary: 5 Appropriated FTE

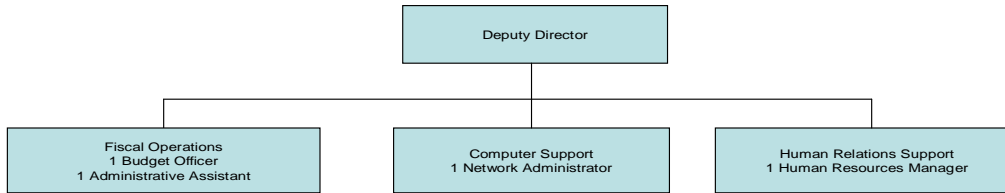
Vacancies: No vacancies in this Division

Retirement Eligibility:

Position Count for employees with thirty years service: 1 position

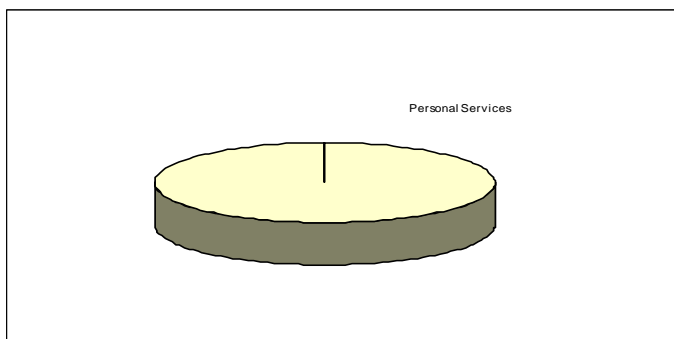
Position Count for employees within three years of thirty years service: None

Office Of Administrative Hearings  
Administrative Support Division



**Budget Summary**  
**Administrative Division**

	<b><u>2011-2012 Recommended Appropriation</u></b>	<b><u>2012-2013 Recommended Appropriation</u></b>	<b><u>Number of Positions</u></b>
<b><u>1100-110 Administration/Fiscal Management</u></b>			5
Personal Services	\$427,062	\$427,062	
Total Requirements	\$427,062	\$427,062	
Receipts	\$4,493	\$4,493	
Total Appropriation	\$422,569	\$422,569	



## NORTH CAROLINA OFFICE OF ADMINISTRATIVE HEARINGS

### Civil Rights Division:

The Civil Rights Division is responsible for investigating charges of employment discrimination based on race, color, sex, religion, national origin, age, or disability; or charges alleging retaliation for opposition to such discrimination brought by previous and current employees or applicants for employment for position covered by the State Personnel Act, including county social services, mental health, public health and civil preparedness employees. The Civil Rights Division is also responsible for investigating charges alleging political discrimination in hiring or promotion. Major functions of the division are:

- Answer questions and provide information to the public, including providing instructions on filing process
- Provide counseling on employment issues
- Accept, record and process charges and determine and establish jurisdiction
- Plan investigations, obtain information & evaluate evidence
- Conduct interviews, investigate allegations and analyze evidence
- Prepare written reports and Notice of Determination to Parties
- Conduct Mediation of charges, facilitate settlement of cases and prepare settlement agreements
- Provide training to state agencies.

Position Summary: 10 Appropriated FTE

Vacancies: One (1) vacancy in this Division

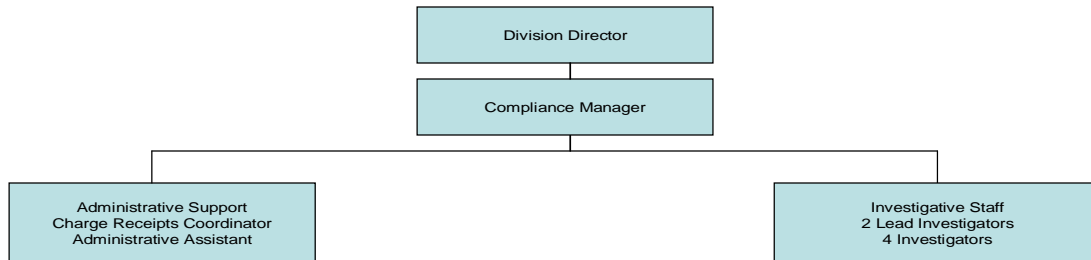
Retirement Eligibility:

Position Count for employees with thirty years service: 2 positions

Position Count for employees within three years of thirty years service: 1 position

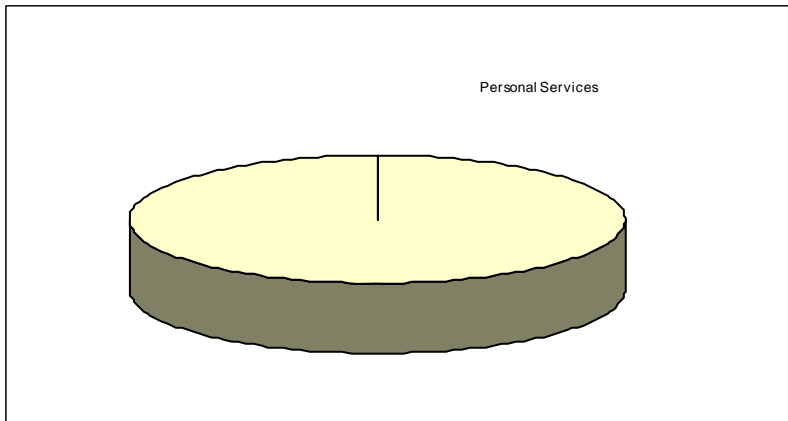


Office Of Administrative Hearings  
Civil Rights Division

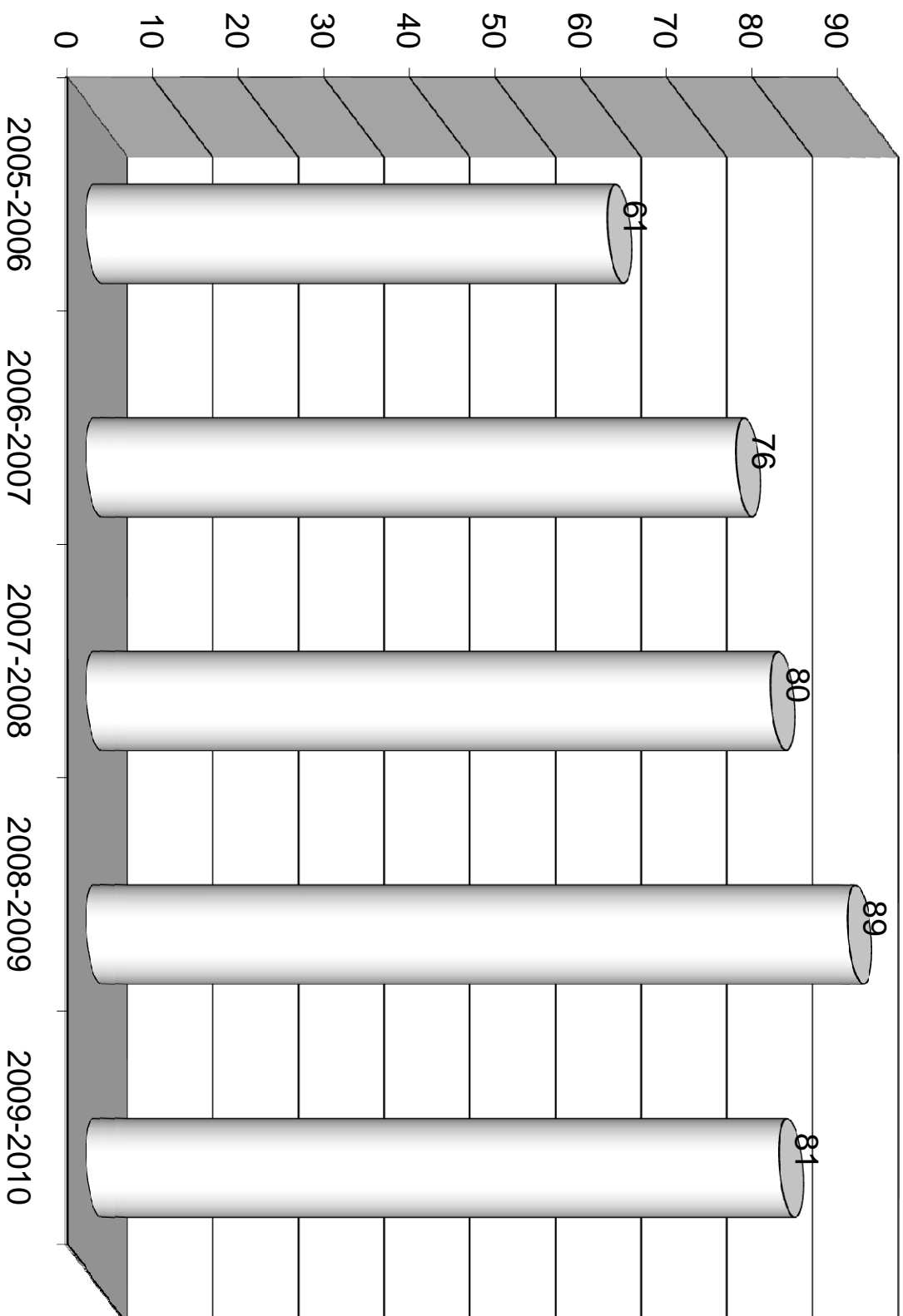


**Budget Summary**  
**Civil Rights Division**

	<b><u>2011-2012 Recommended Appropriation</u></b>	<b><u>2012-2013 Recommended Appropriation</u></b>	<b><u>Number of Positions</u></b>
<b><u>1100-111 Civil Rights Division</u></b>			10
Personal Services	\$674,180	\$674,180	
Total Requirements	\$674,180	\$674,180	
Receipts	\$50,366	\$50,366	
Total Appropriation	\$623,814	\$623,814	



**Office of Administrative Hearings  
Civil Rights Division  
Case Closures**



## NORTH CAROLINA OFFICE OF ADMINISTRATIVE HEARINGS

### Hearings Division:

To provide a forum for a citizen's right to an independent contested case hearing before an impartial administrative law judge when a dispute with a state agency involving a person's rights, duties or privileges has not been resolved through informal procedures. To accomplish these duties, the Administrative Law Judges:

- Rule on motions as required.
- Preside as Judges in contested case hearings and make rulings on all evidentiary questions.
- Issue decisions that contain findings of fact, conclusions of law and grant a claim of relief.

To accomplish these duties, the ALJ assistants:

- Maintain contested case files.
- Respond to phone calls from parties and attorneys.
- Schedule prehearing conferences and motion when required
- Prepare and mail Notices of Hearings for docket weeks and special calendars.
- Assist in the preparation and mailing of decisions.
- Collate and prepare the documents necessary for the Clerk to compile the official record.

To accomplish these duties, the Clerk's office:

- Determine case types, filing fees and enter this information into the tracking system.
- Set up contest case files and construct statewide calendars.
- Prepare and mail initial correspondence and documents for each individual case.
- Secure hearing locations, court reporters and hearing assistance for each hearing.
- Close cases and prepare Official Records for Agencies and Superior Court.
- Archive closed cases.
- Respond to public inquiries.
- Report monthly on active cases pending before ALJ's and State Agencies.

Position Summary: 21 Appropriated FTE

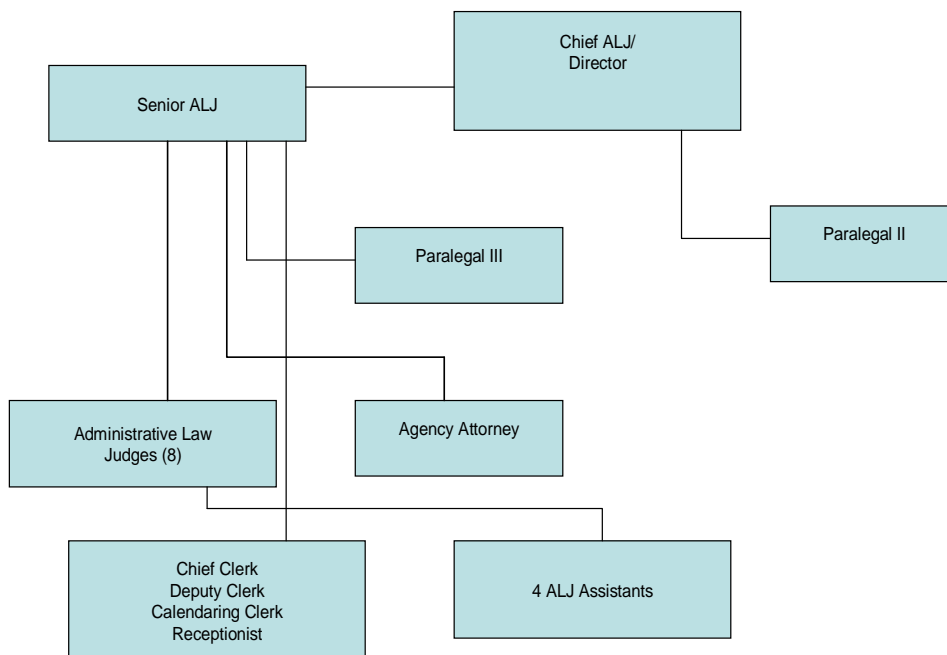
Vacancies: None

Retirement Eligibility:

Position Count for employees with thirty years service: 4 positions

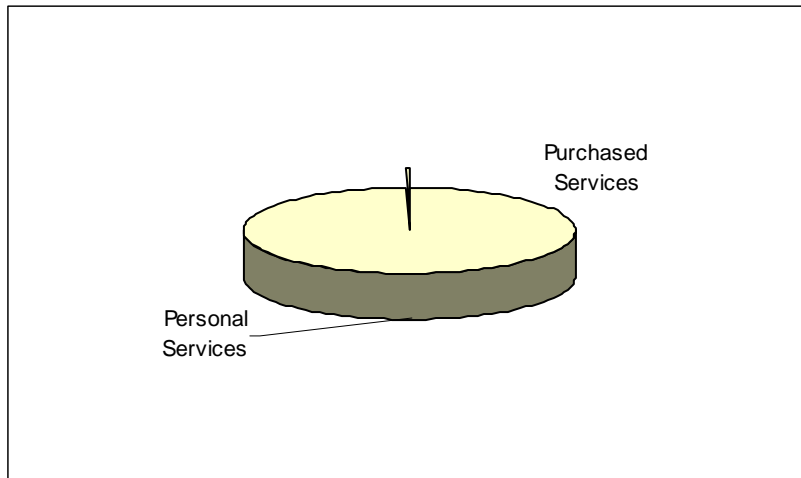
Position Count for employees within three years of thirty years service: 2 positions

OFFICE OF ADMINISTRATIVE HEARINGS  
HEARINGS DIVISION

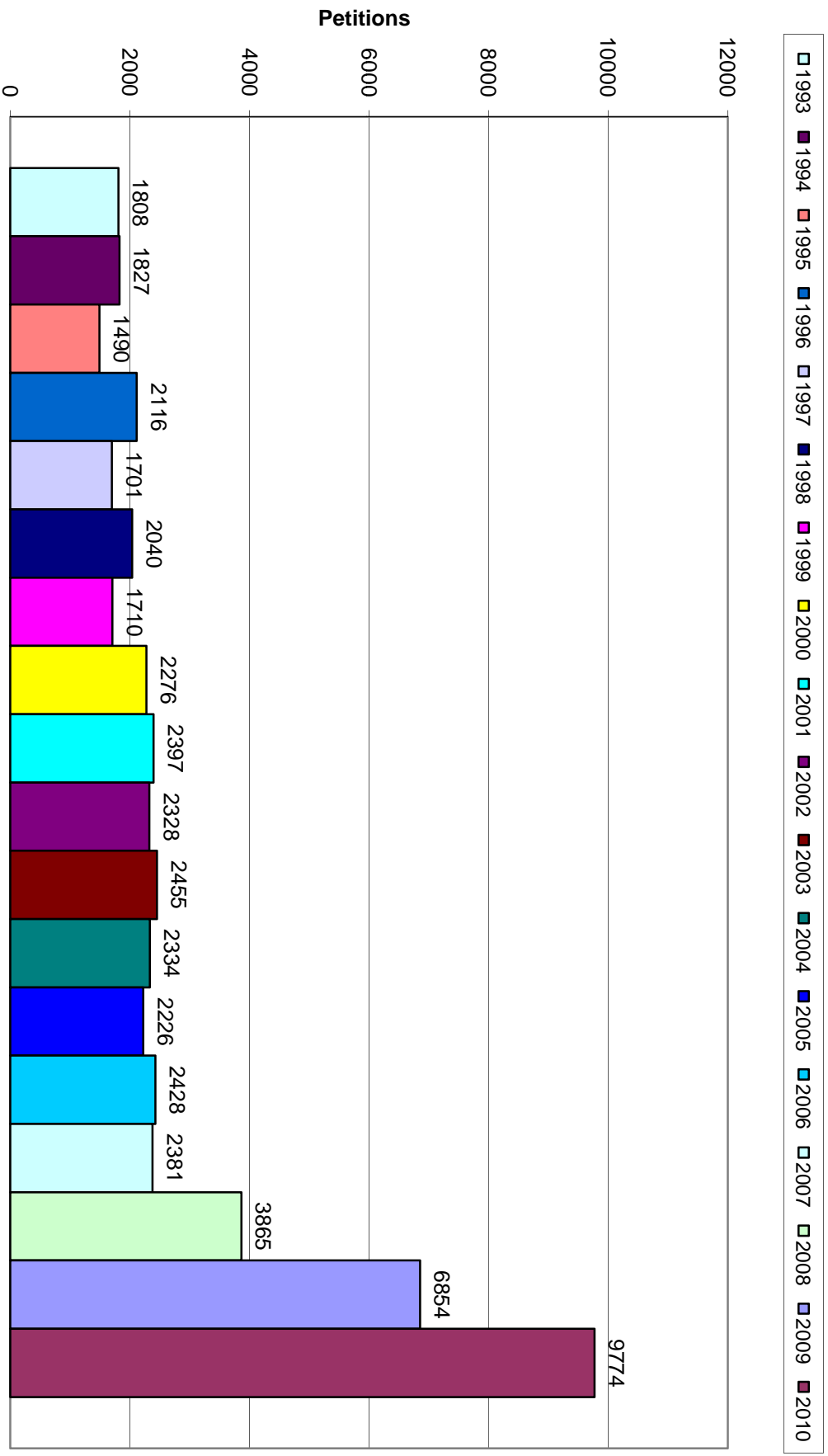


**Budget Summary  
Hearings Division**

	<b>2011-2012 Recommended <u>Appropriation</u></b>	<b>2012-2013 Recommended <u>Appropriation</u></b>	<b><u>Number of Positions</u></b>
<b><u>1100-112 Hearings Division</u></b>			21
<b>Personal Services</b>	\$2,003,943	\$2,003,943	
<b>Purchased Services</b>	\$4,500	\$4,500	
<b>Total Requirements</b>	\$2,008,443	\$2,008,443	
 <b>Receipts</b>	 \$3,625	 \$3,625	
 <b>Total Appropriation</b>	 \$2,004,818	 \$2,004,818	



# CONTESTED CASE PETITIONS FILED



Hearings Division																		
Cases Opened by Agency Designation																		
Agency	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
ABC Comm'n (ABC)	310	221	215	344	259	325	238	158	299	372	424	364	386	370	409	392	329	292
Commerce (COM)	3	0	0	1	1	0	0	0	0	2	0	0	0	0	1	0	0	0
Crime Control (CPS)	49	64	69	38	42	55	27	23	22	24	26	28	29	35	33	103	224	38
Child Support (CRA/CSE/DCS)	468	521	207	657	243	311	274	789	722	620	553	533	459	432	326	333	456	410
Agriculture (DAG)	0	0	1	0	1	3	1	4	1	4	1	4	2	6	4	3	3	0
Comm. Colleges (DCC)	1	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0
Cultural Resources (DCR)	0	0	0	1	0	0	0	0	1	0	0	0	1	0	0	0	1	0
Health & Human Services (DHR)	185	165	148	165	272	325	269	349	470	398	476	492	506	670	663	1142	535	486
Administration (DOA)	5	8	3	14	8	7	2	7	13	5	6	3	0	7	0	2	5	6
Correction (DOC)	0	1	1	2	4	1	0	1	1	1	0	1	0	4	0	6	7	4
Justice (DOJ)	45	47	68	75	87	110	120	92	78	82	74	87	65	92	78	76	111	107
Labor (DOL)	9	4	5	1	6	5	4	6	6	5	1	0	0	1	2	2	4	7
Transportation (DOT)	3	1	3	2	2	4	3	0	1	1	5	2	2	2	4	4	3	3
Auditor (DSA)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
State Treasurer (DST)	17	15	11	13	10	8	5	6	3	10	8	8	18	13	7	11	16	15
Education (EDC)	34	34	53	73	93	59	66	65	59	50	60	64	93	107	99	88	75	80
EEOC (EEO) - charges & petitions	167	172	148	116	108	106	88	87	85	122	80	72	43	84	63	83	89	120
EHNR (EHR)	286	310	294	313	271	343	336	428	358	328	339	309	272	312	368	389	248	195
Empt Sec. Comm'n (ESC)	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0
Governor (GOV)															2	0	0	0
Insurance (INS)	16	14	12	12	10	1	6	5	11	33	30	9	10	20	30	28	28	18
Medicaid (MED)																865	4359	7669
Admin. Hearings (OAH)	0	0	2	1	3	1	6	4	2	1	0	0	0	2	1	0	0	0
State Controller (OSC)	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
State Personnel (OSP)	195	237	226	270	262	270	227	182	206	224	256	203	187	145	163	171	176	200
Revenue (REV)	0	0	0	0	2	0	1	2	1	0	0	0	0	1	2	48	51	47
Secretary of State (SOS)	0	1	0	0	2	3	1	8	6	3	13	8	59	28	36	42	46	30
Univ. of NC (UNC)	8	5	10	5	2	88	15	26	23	27	80	118	74	51	64	39	64	33
Misc. Boards & Comm's	7	7	13	12	13	14	21	34	29	15	23	29	20	46	26	37	24	14
Total	1808	1827	1490	2116	1701	2040	1710	2276	2397	2328	2455	2334	2226	2428	2381	3865	6854	9774

## NORTH CAROLINA OFFICE OF ADMINISTRATIVE HEARINGS

### Rules Division:

The Rules Division of the Office of Administrative Hearings performs administrative and technical work in the compilation, production and publication of the *North Carolina Register* and the North Carolina Administrative Code (NCAC) as required by Chapter 150B of the North Carolina General Statutes (G.S. 150B). The Division provides administrative and legal support to the Rules Review Commission (G.S. 143B-30.1 et seq. and G.S. 150B). The Division also assists members of the public in understanding the rulemaking process and provides training to rulemaking agencies. In accomplishing this, the Division:

- Receives, compiles, edits, codifies, and publishes all proposed, emergency, temporary and permanent rules, public notices, and related documents.
- Reviews all adopted rules before the Rules Review Commission and makes recommendations to approve, object, or otherwise dispose of rules.
- Responds to questions from the public about the rulemaking process and how to participate in it.
- Assists state agencies and licensing boards in writing rules and navigating the rulemaking process.
- Provides at least four trainings annually to state agencies, licensing boards, and members of the public.
- Serves as the source of expertise including statistical information and institutional memory for the rulemaking process.

Position Summary: 6 appropriated FTE

Vacancies: No vacancies in this Division

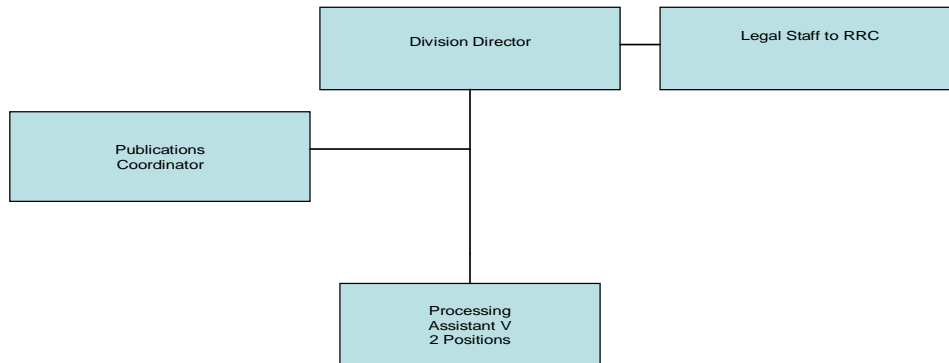
Retirement Eligibility:

Position Count for employees with thirty years service: 1 position

Position Count for employees within three years of thirty years service: 1 position

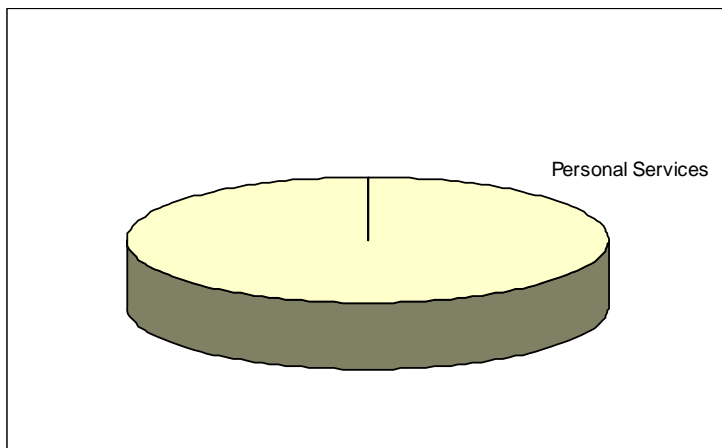


OFFICE OF ADMINISTRATIVE HEARINGS  
RULES DIVISION



**Budget Summary  
Rules Division**

	<b>2011-2012 Recommended <u>Appropriation</u></b>	<b>2012-2013 Recommended <u>Appropriation</u></b>	<b>Number of <u>Positions</u></b>
<b><u>1100-113 Rules Division</u></b>			6
Personal Services	\$475,770	\$475,770	
Total Requirements	\$475,770	\$475,770	
Receipts	\$0	\$0	
Total Appropriation	\$475,770	\$475,770	



**Rules Division**  
**Publication in the NC Register and the NC Administrative Code**

FISCAL YEAR	Proposed Rules Published in the NC Register	Proposed Temporary Rules published on OAH website	Rules Entered into the NC Administrative Code		
			Emergency	Temporary	Permanent
2004-05	907	44	11	39	1180
2005-06	1408	217	4	171	930
2006-07	1303	76	2	83	1550
2007-08	1197	35	0	35	1520
2008-09	942	30	2	29	1164
2009-10	1117	73	39	58	1043

**Rules Review Commission**  
**Review of Permanent and Temporary Rules**

FISCAL YEAR	Staff Request for Technical Changes	RRC Objections	RRC Approved Rules	Rules Subject to Legislative Session
2004-05	403	95	1141	56
2005-06	658	91	1509	15
2006-07	724	80	1325	22
2007-08	1142	99	1460	54
2008-09	788	126	1172	71
2009-10	751	115	1042	13

**Rulemaking Trainings**

OAH offers training annually to rulemaking coordinators and other agency persons who have rulemaking responsibilities. The training is open to the public as well.

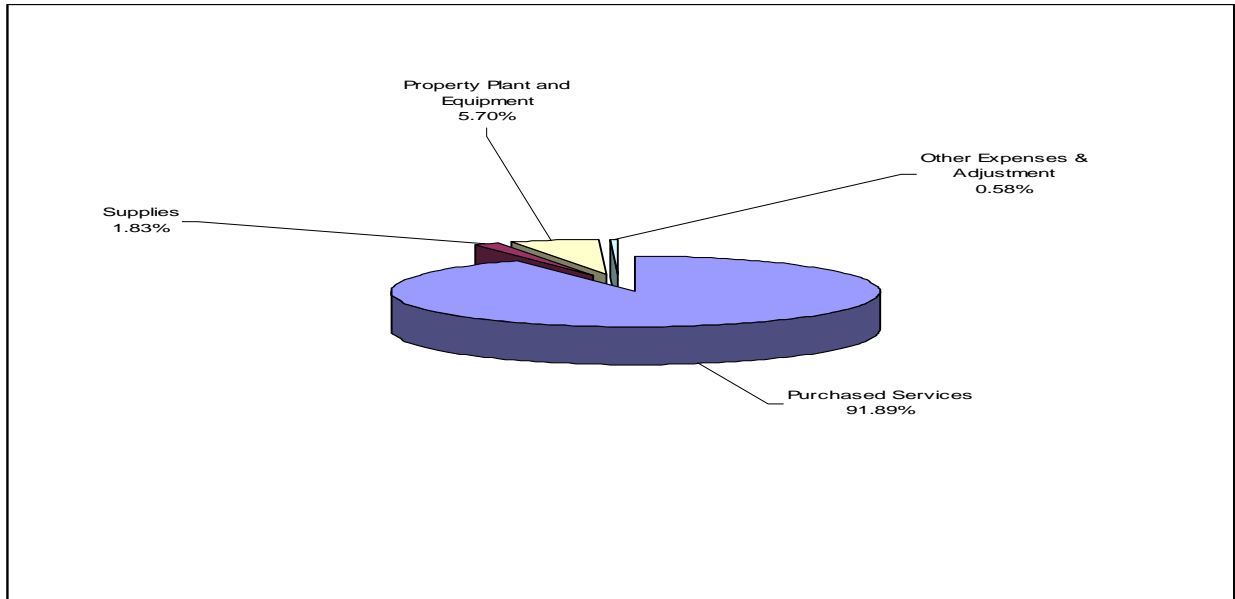
FISCAL YEAR	# of Participants
2004-05	166
2005-06	no training scheduled
2006-07	232
2007-08	120
2008-09	254
2009-10	296

## NORTH CAROLINA OFFICE OF ADMINISTRATIVE HEARINGS

### Support Services:

The Support Services of the Office of Administrative Hearings is primarily an accounting function to record all costs relating to the overall operations of the Agency. These items of cost are not readily identifiable to specific divisions but provide the support services and functions that are applicable to the entire agency.

Total positions: None



### Budget Summary Support Services

	2011-2012 Recommended <u>Appropriation</u>	2012-2013 Recommended <u>Appropriation</u>	Number of <u>Positions</u>
<b><u>1100-114 Support Services</u></b>			0
Purchased Services	\$736,820	\$736,820	
Supplies	\$14,698	\$14,698	
Property Plant and Equipment	\$45,689	\$45,689	
Other Expenses & Adjustment	\$4,644	\$4,644	
<b>Total Requirement</b>	<b>\$801,851</b>	<b>\$801,851</b>	
 Receipts	 \$0	 \$0	
 <b>Total Appropriation</b>	 <b>\$801,851</b>	 <b>\$801,851</b>	