

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2003**

**SENATE BILL 772  
RATIFIED BILL**

AN ACT TO CLARIFY THE LAW GOVERNING PLUMBING, HEATING, AND FIRE SPRINKLER CONTRACTORS THAT ALLOWS RETAILERS WHO ARE NOT LICENSED AS PLUMBING, HEATING, OR FIRE SPRINKLER CONTRACTORS TO SELL CERTAIN GOODS AND SERVICES TO BE INSTALLED BY LICENSEES.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 87-21(c) reads as rewritten:

"(c) To Whom Article Applies. – The provisions of this Article shall apply to all persons, firms, or corporations who engage in, or attempt to engage in, the business of plumbing, heating, or fire sprinkler contracting, or any combination thereof as defined in this Article. The provisions of this Article shall not apply to those who make minor repairs or minor replacements to an already installed system of ~~plumbing or heating~~, plumbing, heating or air conditioning, but shall apply to those who make repairs, replacements, or modifications to an already installed fire sprinkler system. Minor repairs or minor replacements within the meaning of this subsection shall include the replacement of parts in an installed system which do not require any change in energy source, fuel type, or routing or sizing of venting or piping. Parts shall include a compressor, coil, contactor, motor, or capacitor."

**SECTION 2.** G.S. 87-21(i), as enacted in Section 36(a) of S.L. 2002-159, reads as rewritten:

"(i) The provisions of this Article shall not apply to a retailer, as defined in G.S. 105-164.3(35), who, in the ordinary course of business, enters into a transaction with a buyer in which the retailer of a ~~good and the services necessary for the installation of the good~~, water heater sold for installation in a one- or two-family residential dwelling contracts with a licensee under this Article to provide the installation services if the contract, containing the licensee's license number, for the water heater if the retail sales and installation contract with the buyer is signed by the buyer, the retailer, and the licensee, licensee and bears the licensee's license number and telephone number. All installation services rendered pursuant to this section by the licensee in connection with any such contract must be performed in compliance with all local building code, permit permit, and inspection requirements."

**SECTION 3.** G.S. 87-21 is amended by adding the following new subsections:

"(j) The provisions of this Article shall not apply to a person primarily engaged in the retail sale of goods and services who contracts for or arranges financing for the sale and installation of a single-family residential heating or cooling system for which a license to install such system is required under this Article, provided all of the following requirements are met:

- (1) No contract or proposal for sale or installation may be presented to or signed by the buyer unless either (i) the specifications for and design of the system have been first reviewed and approved by an employee of the retail seller who is licensed under this Article or (ii) the specifications for and design of the system have been first reviewed and approved by the person licensed under this Article who will install

the system, if the installer is not an employee of the retail seller. This subdivision does not prohibit the retailer from providing a written estimate to a potential buyer so long as no contract or proposal for contract is presented or signed prior to the review and approval required by this subsection.

- (2) The person installing the system is licensed under this Article.
- (3) The contract for sale and for installation is signed by the buyer, by an authorized representative of the retail seller, and by the licensed contractor and contains the contractor's name, license number, and telephone number and the license number of the person approving the system design specifications.
- (4) Installation services are performed in compliance with all applicable building codes, manufacturer's installation instructions, and permit and inspection requirements.
- (5) The retailer provides, in addition to any other warranties it may offer with respect to the system itself, a warranty for a period of at least one year for any defects in installation.

(k) The provisions of subsections (i) and (j) of this section shall not apply to a system meeting the definition of subdivision (a)(11) of this section."

**SECTION 3.** Section 36(b) of S.L. 2002-159, as amended by Section 1 of S.L. 2003-2, reads as rewritten:

"**SECTION 36.(b)** This section becomes effective ~~May 1, 2003~~ July 1, 2003."

**SECTION 4.** This act becomes effective July 1, 2003.

In the General Assembly read three times and ratified this the 1st day of May, 2003.

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Marc Basnight  
President Pro Tempore of the Senate

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Richard T. Morgan  
Speaker of the House of Representatives

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Michael F. Easley  
Governor

Approved \_\_\_\_\_m. this \_\_\_\_\_ day of \_\_\_\_\_, 2003