

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 421
Committee Substitute Favorable 6/12/19

Short Title: Promote North Carolina Sawmills.

(Public)

Sponsors:

Referred to:

March 25, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO PROMOTE LOCAL SAWMILLS BY ALLOWING THE USE OF UNGRADED
3 LUMBER IN CERTAIN CIRCUMSTANCES.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Article 9 of Chapter 143 of the General Statutes is amended by adding
6 a new section to read:

7 "**§ 143-138.2. Use of ungraded lumber in certain residential construction.**

8 (a) Definitions. – The following definitions apply in this section:

9 (1) Ungraded lumber. – Lumber that is not identified by a grade mark of an
10 accredited lumber grading or inspection agency and not otherwise
11 accompanied by a certificate of inspection as permitted under the North
12 Carolina Residential Code for One- and Two-Family Dwellings.

13 (2) Local mill certification. – A written certification that ungraded lumber meets
14 the requirements of the North Carolina Residential Code for One- and
15 Two-Family Dwellings, other than the requirement that only grade marked or
16 otherwise certified lumber be used in residential construction, issued by the
17 person who milled the lumber or that person's authorized representative.

18 (b) Qualifications. – Prior to milling and offering ungraded lumber for sale in the State
19 for use in the construction of one- and two-family dwellings, a person shall (i) successfully
20 complete a sawmill operation and lumber manufacturing training program approved by the
21 Department of Insurance and (ii) register with the Department of Insurance. The training program
22 may be based inside or outside the State, provided that the training program issues a certificate
23 upon successful completion providing evidence of successful completion of the training program.
24 The certificate shall be valid for purposes of this act for a period of seven years, but a person may
25 complete the same or another approved training program and obtain a new certificate. The
26 registration shall remain effective for as long as the person has a valid certificate.

27 (c) Registration Fee. – The Department of Insurance shall charge a registration fee of two
28 hundred dollars (\$200.00).

29 (d) Use of Ungraded Lumber in Certain Residential Construction. – Ungraded lumber
30 may be used in the construction of one- and two-family dwellings when that use meets all of the
31 following requirements:

32 (1) The ungraded lumber is milled at the request of the person owning the source
33 logs for use in the construction of the dwelling, and the dwelling will be
34 inhabited by that person.

35 (2) The operator of the sawmill that milled the ungraded lumber is registered with
36 the Department of Insurance and has a valid certificate of successful



- 1 completion of an approved training program pursuant to subsection (b) of this
2 section.
- 3 (3) The source logs were harvested from private property owned by the owner of
4 the dwelling to be constructed, or otherwise acquired by the owner through a
5 private transaction not involving a seller or retailer engaged in the regular sale
6 of building products.
- 7 (4) The ungraded lumber is sold directly by the owner or employee of the sawmill
8 that milled the ungraded lumber to the owner of the dwelling to be constructed
9 or that person's authorized representative.
- 10 (5) The ungraded lumber is milled so that it meets or exceeds the requirements of
11 the North Carolina Residential Code for One- and Two-Family Dwellings
12 other than the requirement that only grade marked or otherwise certified
13 lumber be used in residential construction.
- 14 (6) The sawmill supplying the ungraded lumber provides a local mill certification,
15 of a form and contents that the Building Code Council may specify, to the
16 owner of the dwelling to be constructed or that person's authorized
17 representative.
- 18 (7) The appropriate code enforcement official reviews the local mill certification
19 and the framing of the dwelling in which the ungraded lumber is used to ensure
20 that it meets the requirements of the North Carolina Residential Code for
21 One- and Two-Family Dwellings in all respects other than the requirements
22 that only grade marked or otherwise certified lumber be used in residential
23 construction. The code enforcement official shall not be liable for any
24 structural failure that occurs as a result of the use of ungraded lumber rather
25 than grade marked or otherwise certified lumber.

26 (e) Sale of Residences Built With Ungraded Lumber. – The owner of a one- or
27 two-family residence built with ungraded lumber may not sell or lease the residence until the
28 owner has occupied the home for a period of not less than one year from the date of the issuance
29 of the Certificate of Occupancy. If title to the property passes to another party within the one-year
30 occupancy period for reasons other than sale of the property, a statement shall be included in the
31 closing documents disclosing that the property was built using ungraded lumber."

32 **SECTION 2.** The Building Code Council shall amend the North Carolina Residential
33 Code for One- and Two-Family Dwellings consistent with Section 1 of this act. The Department
34 of Insurance shall adopt rules consistent with Section 1 of this act.

35 **SECTION 3.** Section 1 of this act becomes effective on the effective date that rules
36 required to be adopted by Section 2 of this act become effective. The remainder of this act is
37 effective when it becomes law.