Subject: FW: [External] OAH Rules

From: William W. Nelson < wnelson@smithlaw.com >

Sent: Thursday, August 21, 2025 4:51 PM

To: Liebman, Brian R < brian.liebman@oah.nc.gov >

Subject: Re: [External] OAH Rules

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Thanks Brian. Of course it's fine to send this to Alex. Thanks for your work on this.

Subject: FW: [External] OAH Rules

From: Liebman, Brian R

Sent: Thursday, August 21, 2025 4:33 PM

To: William W. Nelson <wnelson@smithlaw.com>

Subject: RE: [External] OAH Rules

Hi Commissioner Nelson,

OAH has decided to withdraw the rules from review at this time.

On another note, can I ask if I may forward our correspondence regarding these rules to Alex, for posting on the Commission's agenda?

Thanks! Brian

Brian Liebman
Codifier of Rules
Office of Administrative Hearings
(984)236-1941
brian.liebman@oah.nc.gov

E-mail correspondence to and from this address may be subject to the North Carolina Public Records Law N.C.G.S. Chapter 132 and may be disclosed to third parties.

Subject: FW: [External] OAH Rules

Attachments: 26 NCAC 03 .0102 - Rev. 8-18-25.docx

From: Liebman, Brian R

Sent: Monday, August 18, 2025 5:59 PM

To: William W. Nelson < wnelson@smithlaw.com>

Subject: RE: [External] OAH Rules

Commissioner Nelson,

Below, in red, please find my responses to your requests for changes. Also, please find attached a revised copy of Rule .0102.

Please let me know if you have any further questions or concerns.

Thank you! Brian

Brian Liebman Codifier of Rules Office of Administrative Hearings (984)236-1941 brian.liebman@oah.nc.gov

E-mail correspondence to and from this address may be subject to the North Carolina Public Records Law N.C.G.S. Chapter 132 and may be disclosed to third parties.

From: William W. Nelson < wnelson@smithlaw.com >

Sent: Thursday, August 14, 2025 2:03:59 PM **To:** Liebman, Brian R <bri>
Sprian.liebman@oah.nc.gov>

Subject: [External] OAH Rules

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Brian, Jeanette asked me to review these amendments to two of OAH's

rules: https://www.oah.nc.gov/oah-original-rules-1/open.

I have a few questions about the proposed amendments:

• The amendments to 26 NCAC 03.0102 add a new defined term: Document Constituting Agency Action. I question the necessity of adding this definition since the term does not seem to appear in 150B or in the current rules or elsewhere in the proposed amendments.

My understanding of "necessity" as provided by G.S. 150B-21.9(a)(3) is that it is generally limited to whether the rule "repeats the content of a law, a rule, or a federal regulation", as laid out in G.S. 150B-19(4). In that vein, it does not appear in my review of 26 NCAC 03, N.C. Gen. Stat. 150B, or 7A, that 26 NCAC 03 .0102(a)(4) repeats any rule or statute.

• The new defined term is intended to identify the notice an agency is required to give under 150B-23(f) that starts the 60-day clock for filing a contested case petition. Section 150B-23(f) identifies the required content of this notice. The proposed amendment expands on the required content of the notice, and I cannot find any authority for OAH to add to the statutory requirements. As an initial matter, it appears to me the reference in the History Note to 7A-752 is incorrect. I've changed it to 7A-751, wherein paragraph (a) gives the Chief Administrative Law Judge the "powers and duties conferred on that position by this Chapter and the Constitution and laws of this State," and gives her the authority to "adopt rules to implement the conferred powers and duties."

In direct response to your question, 7A-750 establishes OAH according to, inter alia, Article IV, Section 3 of the N.C. Constitution, which reads: "The General Assembly may vest in administrative agencies established pursuant to law such judicial powers as my be reasonably necessary as an incident to the accomplishment of the purposes for which the agencies were created." As noted above, 7A-751 gives the Chief ALJ the authority to adopt rules to implement these powers and duties. 7A-750 explicitly identifies one of these purposes as "ensur[ing] that administrative decisions are made in a fair and impartial manner to protect the due process rights of citizens who challenge administrative action...."

As you note, 150B-23(f) requires that agencies give notice of their decisions to all known aggrieved persons, and defines the contents of the notice to include a statement of the "procedure" required to file a contested case before OAH. Part of that procedure is the requirement that an aggrieved party file a contested case petition with OAH and serve that petition on the agency. G.S. 150B-23(a). G.S. 1A-1, Rule 4(j)(4) requires that "every agency of the State... appoint a process agent by filing with the Attorney General the name and address of an agent upon whom process may be served." Thus, the amendment here does not expand the required content of the notice, but brings it into clearer focus; by statute, the law already requires an agency to publicly designate an agent for service of process and provide potential litigants with a statement of the necessary procedure to file a contested case, and petitioners are already required to serve a copy of their petition on the agency. By adding context to the word "procedure," OAH is acting within its authority to ensure that decisions are made in a fair and impartial manner to protect the due process rights of citizens challenging administrative action.

• The proposed rule also strikes some language from 03.0102(b) regarding the certificate of service that is required to be attached to documents that are required to be served on the parties. The words seem to have been stricken as unnecessary or redundant, but I cannot find any authority for OAH to issue rules regarding service of process. 150B-23.3(3) allows OAH to adopt rules to define "electronic service" but that does not seem sufficient to authorize OAH to adopt rules requiring certificates of service generally. Perhaps that is not a germane comment since the rules is already on the books but I thought I would note it and ask if you have other thoughts.

The authority to adopt rules for service of process springs from the general rulemaking authority granted to the Chief Administrative Law Judge in G.S. 7A-751 to "adopt rules to implement the conferred powers and duties." As noted above, one of the explicitly conferred purposes of OAH is to protect the due process rights of citizens. G.S. 7A-750. It is well settled that service, in that it

effectuates notice and opportunity to be heard, is part of due process. See, e.g. Mullane v. Central Hanover Bank a& Trust Co., 339 U.S. 306, 314 (1950)(due process requires notice that is "reasonably calculated" to apprise interested parties).

• Finally, for purposes of confirming that the adoption requirements of the APA have been followed, can you confirm that (i) no public hearing was required under 150B-21.2(e), (ii) OAH has accepted comments pursuant to 150B-21.2(f), (iii) the mailing list requirements of 150B-21.2(d) have been satisfied, (iv) no fiscal note was required or obtained, and (v) OAH made the website posting required by 150B-19.1(c) in a timely manner?

I can confirm OAH followed all requirements of Part 2 of Article 2A of G.S. 150B. The notice of text published in Vol. 39, Issue 14 of the North Carolina Register on January 15, 2025 established a comment period between January 15, 2025 and March 17, 2025, and provided instructions for submitting written comments to OAH. The notice also provided instructions for demanding a public hearing, although no such written request was received by OAH. We received and considered one public comment. The notice was posted on OAH's website and sent out to the OAH Hearings interested persons listsery no later than January 15, 2025. Further, as represented on the Form 0400, we believe no fiscal note was required for these two rules.

Thank	vou!.
HILIMITIN	you

Bill

1 26 NCAC 03 .0102 is amended as published in 39:14 NCR 936-37 as follows: 2 3 26 NCAC 03 .0102 **DEFINITIONS AND CONSTRUCTION** 4 (a) The definitions contained in G.S. 150B-2 are incorporated herein by reference. In addition, the following 5 definitions apply: 6 "Chief Administrative Law Judge" means the person appointed according to G.S. 7A-752. (1) 7 "File" or "Filing" means: (2) 8 (A) to place the paper or item to be filed into the care and custody of the chief hearings clerk 9 of the Office of Administrative Hearings, and acceptance thereof by the clerk, except that 10 when a party submits a document for filing to the administrative law judge during the 11 course of a contested case hearing and the filing is accepted by the administrative law 12 judge, the judge shall note thereon the filing date. All documents filed with the Office of 13 Administrative Hearings, except exhibits, shall be in letter size 8 1/2" by 11"; or 14 (B) electronic filing as defined in 26 NCAC 03 .0501(1). "Service" or "Serve" means: 15 (3) 16 (A) delivery by electronic mail with an attached file in a format that is readily accessible to the 17 recipient; 18 delivery by facsimile (fax); (B) 19 (C) personal delivery; 20 (D) delivery by first class United States Postal Service mail; 21 (E) delivery by overnight express mail service; or 22 (F) electronic service as defined in 26 NCAC 03 .0501(4). 23 **(4)** "Document Constituting Agency Action" means the written notice described in G.S. 150B-23(f). When describing the "procedure" for filing a contested case, the agency shall include the name of 24 25 the agency, and its authorized process agent to ensure the specified agency can be served as required 26 by G.S. 150B-23(a). 27 (b) A Certificate of Service by the person making the service shall be appended to every document requiring service 28 under these Rules. 29 (c) Service by mail is complete upon placing the item to be served, enclosed in a wrapper addressed to the person to 30 be served, in an official depository of the United States Postal Service. 31 (d) Service by overnight express mail is complete upon placing the item to be served, enclosed in a wrapper addressed 32 to the person to be served, in the custody of an overnight express mail service. 33 (e) Service by electronic mail or fax shall be deemed to occur one hour after it is sent, provided that: 34 documents sent after 5 pm are deemed sent at 8 am the following business day; and (1) 35 (2) documents sent by electronic mail or fax that are not readable by the recipient are not deemed served. 36 Within five business days of receipt of an unreadable document, the receiving party shall notify the 37 sending party of the unreadability of the document.

- 1 Service by electronic mail or fax is treated the same as service by mail for the purpose of adding three days to the
- 2 prescribed period to respond under Rule 6(e) of the Rules of Civil Procedure as contained in G.S. 1A-1.
- 3 (f) The rules of statutory construction contained in Chapter 12 of the General Statutes shall be applied in the
- 4 construction of these Rules.

5

- 6 History Note: Authority G.S. 7.4-752; 7.4-751; 150B-23; 150B-23.3;
- 7 Eff. August 1, 1986;
- 8 Amended Eff. October 1, 1991; January 1, 1989; November 1, 1987; September 1, 1986;
- 9 Temporary Amendment Eff. January 1, 2012;
- 10 Amended Eff. March 1, 2016; November 1, 2012;
- 11 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. July 23,
- 12 <u>2016. 2016;</u>
- 13 <u>Amended Eff. September 1, 2025.</u>

Subject: FW: [External] OAH Rules

From: William W. Nelson <wnelson@smithlaw.com>

Sent: Thursday, August 21, 2025 10:30 AM

To: Liebman, Brian R <bri> Liebman@oah.nc.gov>

Subject: RE: [External] OAH Rules

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Brian, a belated thank you for these thoughts. Please see some further thoughts below in blue. I would be happy to get any further thoughts from you that you may have.

From: Liebman, Brian R < brian.liebman@oah.nc.gov>

Sent: Monday, August 18, 2025 5:59 PM

To: William W. Nelson < wnelson@smithlaw.com >

Subject: RE: [External] OAH Rules

External:

Commissioner Nelson,

Below, in red, please find my responses to your requests for changes. Also, please find attached a revised copy of Rule .0102.

Please let me know if you have any further questions or concerns.

Thank you! Brian

Brian Liebman
Codifier of Rules
Office of Administrative Hearings
(984)236-1941

brian.liebman@oah.nc.gov

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From: Liebman, Brian R < brian.liebman@oah.nc.gov >

Sent: Thursday, August 14, 2025 4:32 PM

To: William W. Nelson <wnelson@smithlaw.com>

Subject: Re: [External] OAH Rules

Hi Commissioner Nelson,

Thanks for the questions. It's weird to be on the other end of requests for changes for once! I will take a look and get back to you soon.

Best, Brian

Brian Liebman
Codifier of Rules
Office of Administrative Hearings
(984)236-1941
brian.liebman@oah.nc.gov

E-mail correspondence to and from this address may be subject to the North Carolina Public Records Law N.C.G.S. Chapter 132 and may be disclosed to third parties.

From: William W. Nelson < wnelson@smithlaw.com>

Sent: Thursday, August 14, 2025 2:03:59 PM

To: Liebman, Brian R < brian.liebman@oah.nc.gov >

Subject: [External] OAH Rules

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Brian, Jeanette asked me to review these amendments to two of OAH's

rules: https://www.oah.nc.gov/oah-original-rules-1/open.

I have a few questions about the proposed amendments:

- The amendments to 26 NCAC 03.0102 add a new defined term: Document Constituting Agency Action. I question the necessity of adding this definition since the term does not seem to appear in 150B or in the current rules or elsewhere in the proposed amendments. My understanding of "necessity" as provided by G.S. 150B-21.9(a)(3) is that it is generally limited to whether the rule "repeats the content of a law, a rule, or a federal regulation", as laid out in G.S. 150B-19(4). In that vein, it does not appear in my review of 26 NCAC 03, N.C. Gen. Stat. 150B, or 7A, that 26 NCAC 03 .0102(a)(4) repeats any rule or statute. My thought is that a rule that creates a defined term is not "necessary" if that term is not used anywhere in the statute or the rules. I do note that 26 NCAC 03.0103(a)(3) uses the term "document constituting the agency action," which is slightly different from the new defined term "document constituting agency action" (no "the").
- The new defined term is intended to identify the notice an agency is required to give under 150B-23(f) that starts the 60-day clock for filing a contested case petition. Section 150B-23(f) identifies the required content of this notice. The proposed amendment expands on the required content of the notice, and I cannot find any authority for OAH to add to the statutory requirements.

 As an initial matter, it appears to me the reference in the History Note to 7A-752 is incorrect. I've changed it to 7A-751, wherein paragraph (a) gives the Chief Administrative Law Judge the "powers and duties conferred on that position by this Chapter and the Constitution and laws of this State,"

and gives her the authority to "adopt rules to implement the conferred powers and duties." I note that 7A-751 refers to powers conferred on the "position" of the Chief ALJ. For instance, 7A-752 and -753 confer on the Chief ALJ the power to appoint additional ALJs and the power to designate a senior ALJ. These powers are distinct from powers conferred on the agency itself.

In direct response to your question, 7A-750 establishes OAH according to, inter alia, Article IV, Section 3 of the N.C. Constitution, which reads: "The General Assembly may vest in administrative agencies established pursuant to law such judicial powers as my be reasonably necessary as an incident to the accomplishment of the purposes for which the agencies were created." As noted above, 7A-751 gives the Chief ALJ the authority to adopt rules to implement these powers and duties. As noted, this statute confers certain powers on the position of the Chief ALJ, not on the OAH itself. 7A-750 explicitly identifies one of these purposes as "ensur[ing] that administrative decisions are made in a fair and impartial manner to protect the due process rights of citizens who challenge administrative action...." I do not think this purpose provision delegates rulemaking authority.

As you note, 150B-23(f) requires that agencies give notice of their decisions to all known aggrieved persons, and defines the contents of the notice to include a statement of the "procedure" required to file a contested case before OAH. Part of that procedure is the requirement that an aggrieved party file a contested case petition with OAH and serve that petition on the agency. G.S. 150B-23(a). G.S. 1A-1, Rule 4(j)(4) requires that "every agency of the State... appoint a process agent by filing with the Attorney General the name and address of an agent upon whom process may be served." Thus, the amendment here does not expand the required content of the notice, but brings it into clearer focus; by statute, the law already requires an agency to publicly designate an agent for service of process and provide potential litigants with a statement of the necessary procedure to file a contested case, and petitioners are already required to serve a copy of their petition on the agency. By adding context to the word "procedure," OAH is acting within its authority to ensure that decisions are made in a fair and impartial manner to protect the due process rights of citizens challenging administrative action. I certainly agree that the proposed rule is helpful and clarifying, although those considerations involve the quality and efficacy of the rule. I also agree that a statute requires an agency to have a process agent. The question for me is whether there is any statute that authorizes OAH to require the process agent to be identified in the 150B-23(f) notice. I don't think that either 150B-23(a) (requiring a party to serve the agency) or 1A-1, Rule 4(j)(4) (requiring the agency to have a process agent) does that.

• The proposed rule also strikes some language from 03.0102(b) regarding the certificate of service that is required to be attached to documents that are required to be served on the parties. The words seem to have been stricken as unnecessary or redundant, but I cannot find any authority for OAH to issue rules regarding service of process. 150B-23.3(3) allows OAH to adopt rules to define "electronic service" but that does not seem sufficient to authorize OAH to adopt rules requiring certificates of service generally. Perhaps that is not a germane comment since the rules is already on the books but I thought I would note it and ask if you have other thoughts. The authority to adopt rules for service of process springs from the general rulemaking authority granted to the Chief Administrative Law Judge in G.S. 7A-751 to "adopt rules to implement the conferred powers and duties." Again, I read 7A-751 as conferring certain specified powers on the position of Chief ALJ, not as a general grant of rulemaking power to the agency. As noted above, one of the explicitly conferred purposes of OAH is to protect the due process rights of citizens. G.S. 7A-750. It is well settled that service, in that it effectuates notice and opportunity to

be heard, is part of due process. See, e.g. Mullane v. Central Hanover Bank a& Trust Co., 339 U.S. 306, 314 (1950)(due process requires notice that is "reasonably calculated" to apprise interested parties). I agree, but this goes to the quality of the rule.

• Finally, for purposes of confirming that the adoption requirements of the APA have been followed, can you confirm that (i) no public hearing was required under 150B-21.2(e), (ii) OAH has accepted comments pursuant to 150B-21.2(f), (iii) the mailing list requirements of 150B-21.2(d) have been satisfied, (iv) no fiscal note was required or obtained, and (v) OAH made the website posting required by 150B-19.1(c) in a timely manner?

I can confirm OAH followed all requirements of Part 2 of Article 2A of G.S. 150B. The notice of text published in Vol. 39, Issue 14 of the North Carolina Register on January 15, 2025 established a comment period between January 15, 2025 and March 17, 2025, and provided instructions for submitting written comments to OAH. The notice also provided instructions for demanding a public hearing, although no such written request was received by OAH. We received and considered one public comment. The notice was posted on OAH's website and sent out to the OAH Hearings interested persons listsery no later than January 15, 2025. Further, as represented on the Form 0400, we believe no fiscal note was required for these two rules. Thank you.

Thank you!.	Т	ha	nk	vo	u!.
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Bill

Subject: FW: [External] OAH Rules

From: William W. Nelson <wnelson@smithlaw.com>

Sent: Thursday, August 14, 2025 4:52 PM

To: Liebman, Brian R <bri> Liebman@oah.nc.gov>

Subject: Re: [External] OAH Rules

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Thanks Brian. Hope you are enjoying the new role. Lots of changes at OAH lately.

From: Liebman, Brian R < brian.liebman@oah.nc.gov >

Sent: Thursday, August 14, 2025 4:32:02 PM **To:** William W. Nelson wnelson@smithlaw.com>

Subject: Re: [External] OAH Rules

External:

Hi Commissioner Nelson,

Thanks for the questions. It's weird to be on the other end of requests for changes for once! I will take a look and get back to you soon.

Best, Brian

Brian Liebman Codifier of Rules Office of Administrative Hearings (984)236-1941 brian.liebman@oah.nc.gov

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Subject: FW: [External] OAH Rules

From: William W. Nelson <wnelson@smithlaw.com>

Sent: Thursday, August 14, 2025 2:04 PM

To: Liebman, Brian R <bri> Liebman@oah.nc.gov>

Subject: [External] OAH Rules

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- The proposed rule also strikes some language from 03.0102(b) regarding the certificate of service that is required to be attached to documents that are required to be served on the parties. The words seem to have been stricken as unnecessary or redundant, but I cannot find any authority for OAH to issue rules regarding service of process. 150B-23.3(3) allows OAH to adopt rules to define "electronic service" but that does not seem sufficient to authorize OAH to adopt rules requiring certificates of service generally. Perhaps that is not a germane comment since the rules is already on the books but I thought I would note it and ask if you have other thoughts.
- Finally, for purposes of confirming that the adoption requirements of the APA have been followed, can you confirm that (i) no public hearing was required under 150B-21.2(e), (ii) OAH has accepted comments pursuant to 150B-21.2(f), (iii) the mailing list requirements of 150B-21.2(d) have been satisfied, (iv) no fiscal note was required or obtained, and (v) OAH made the website posting required by 150B-19.1(c) in a timely manner?

ΤI	ha	n	k	V	O	u	ļ	

Bill

From: Liebman, Brian R <bri> sprian.liebman@oah.nc.gov>

Sent: Thursday, July 17, 2025 11:19 AM

To: Jake Parker < jakeparkerrrc@gmail.com >; Christopher C. Loutit < christopher.loutit@loutitlaw.com >;

wboyles@aol.com; William W. Nelson <wnelson@smithlaw.com>

Subject: Swearing in

External:

Hi all,

Congratulations on being reappointed! We're thrilled to have you all back for another two years.

We're organizing a swearing-in for all of the reappointed commissioners at the July meeting, and with the exception of Commissioner Nelson—I assume you'd like Judge Nelson to administer your oath—I was thinking it would be nice for the newly minted Judge Peaslee to do the honors.

Let me know your thoughts.

Best, Brian

Brian Liebman
Codifier of Rules
Office of Administrative Hearings
(984)236-1941
brian.liebman@oah.nc.gov

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