#### **Burgos, Alexander N**

Subject:FW: [External] ERR schedulesAttachments:Cover letter for group 1 and 2 - final (4.21.25).docx; Ascher Attachment 1 final<br/>(4.21.25).docx; Ascher Attachment 2 - final (4.21.25).docx; Ascher Attachment 3 - final<br/>(4.21.25).docx

From: Ann Wall <<u>Awall@sosnc.gov</u>>
Sent: Monday, April 21, 2025 11:23 PM
To: Ascher, Seth M <<u>seth.ascher@oah.nc.gov</u>>
Cc: Elmore, Ann M <<u>aelmore@sosnc.gov</u>>
Subject: [External] ERR schedules

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Attached is the information you requested for both Groups 1 and 2 of the SOS Existing Rules Review.

Let me know if you have any questions or need more information.

Ann

Ann B. Wall General Counsel Department of the Secretary of State <u>awall@sosnc.gov</u> Phone (919) 814-5310 Fax 919-814-5391

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#### Attachment 1

#### N.C. Department of the Secretary of State Timeline for Readoption of all 18 NCAC Rules

This document contains the proposed year of readoption for each Chapter of Title 18 NCAC Department of the Secretary of State selected based on the factors listed in Attachment 3.

<u>Color Key</u>
Group 1 <sup>2</sup>
Group 2

Chapter	Title	Proposed Readoption Timeline
18 NCAC 07J	Notary Public Division	Exempted <sup>1</sup>
18 NCAC 01	Departmental Rules	2026
<mark>18 NCAC 12</mark>	Lobbying	<mark>2027</mark>
18 NCAC 02	Trademark Registration	<mark>2028</mark>
18 NCAC 08	Land Records Management Division	<mark>2028</mark>
18 NCAC 13	State Franchise For Cable Television Service	2028
18 NCAC 05	Uniform Commercial Code	<mark>2029</mark>
18 NCAC 04	Corporations Division	2029
18 NCAC 10	<b>Electronic Commerce Section</b>	<mark>2030</mark>
<mark>18 NCAC 11</mark>	Solicitation Licensing Program	<mark>2031</mark>
18 NCAC 06	Securities Division	2034

<sup>&</sup>lt;sup>1</sup> The RRC has exempted 26 NCAC 07, Notary Public Division, from the current Existing Rules Review, with the final subchapter, 18 NCAC 07J having been exempted at the February 27, 2025, RRC meeting.

<sup>&</sup>lt;sup>2</sup> On February 18, 2025, the Department submitted its timeline and rulemaking priorities for Group 1 rules. However, RRC staff counsel asked that the Department combine Groups 1 and 2 in a single submission to facilitate consideration. Commission determinations re Group 1 were effective November 26, 2024, and Group 2 became final Wednesday, April 2<sup>nd</sup>.



# State of North Carolina Department of the Secretary of State

ELAINE F. MARSHALL SECRETARY OF STATE ANN B. WALL General Counsel

April 21, 2025

By email

Seth Ascher, Counsel Rules Review Commission seth.ascher@oah.nc.gov

# Re: Response to your request for consultation pursuant to G.S. § 150B-21.3A and 26 NCAC 05 .0212

April 21, 2025

Pursuant to G.S. § 150B-21.3A(a)(2) and the requirements of 26 NCAC 05 .0212, the Department of the Secretary of State provides to the Rules Review Commission (RRC):

1. For context, a timeline for readoption of each of its 10 subchapters of rules in 18 NCAC, showing the year in which each subchapter's readoption would occur (Attachment 1).

2. A detailed proposed timeline for the following rules, designated as groups 1 and 2, as required by 26 NCAC 05.0212(a)(1) (Attachment 2):

# Group 1 rules:

18 NCAC 05 Uniform Commercial Code Division,

18 NCAC 06 Securities Division, and

18 NCAC 10 Electronic Commerce Section.

# Group 2 rules:

18 NCAC 02 Trademarks

18 NCAC 08, Land Records Management Division

18 NCAC 11, Solicitation Licensing Program

18 NCAC 12, Lobbying

4/22/2025 Page Two

3. The Department's rulemaking priorities as they impact its planned timeline for readoption of the rules in 18 NCAC Chapter 18, as required by 26 NCAC 05 .0212(a)(2) (Attachment 3).

Please let me know if you have any questions or need additional information.

Regards,

Ann B. Wall

Ann B. Wall General Counsel and Rulemaking Coordinator

Attachments

#### Attachment 2

# N.C. Department of the Secretary of State Steps for Readoption Timelines as Required by 26 NCAC 05 .0212

The proposed timing for the formal steps for readoption of the Department's existing rules is based upon the priorities set forth in Attachment 3. To the extent feasible, the Department intends to use the RRC's pre-review process. All dates are approximate, as the Codifier of Rules has not yet published the publication schedules for these years.

#### Group 1 rules: 18 NCAC 05, 06, 10

# Proposed Timing of G.S. §150B-21.2 Rulemaking Steps for Readoption of the Rules in 18 NCAC 05, Uniform Commercial Code (43 rules)

Step	Completed on or before
Prepare or Obtain a Fiscal Note, if Necessary (G.S. 150B-21.2(a)(2))	August 3, 2028
Publish Notice of Text in NC Register (G.S. 150B-21.2(a)(1))	October 2, 2028
Hold a Public Hearing (G.S. 150B-21.2(a)(4))	At least 15 but not later than 60 days after the date the notice is published
Accept Public Comments (G.S. 150B-212.(a)(5))	October 2, 2028 - December 1, 2028
Adopt the rules (G.S. 150B-212.(g))	February 1, 2029
Submit the rules to RRC (G.S. 150B-212.(g))	Within 30 days of adoption

# Proposed Timing of G.S. §150B-21.2 Rulemaking Steps for Readoption of the Rules in 18 NCAC 06, Securities Division (175 rules)

Step	Completed on or before	
Prepare or Obtain a Fiscal Note, if Necessary (G.S. 150B-21.2(a)(2))	June 1, 2034	
Publish Notice of Text in NC Register (G.S. 150B-21.2(a)(1))	August 1, 2034	
Hold a Public Hearing (G.S. 150B-21.2(a)(4))	At least 15 but not later than 60 days after the date the notice is published	
Accept Public Comments (G.S. 150B-212.(a)(5))	August 2, 2034 – October 2, 2034	
Adopt the rules (G.S. 150B-212.(g))	December 1, 2034	
Submit the rules to RRC (G.S. 150B-212.(g))	Within 30 days of adoption	

- continued on next page -

# **Group 1 Rules continued**

# Proposed Timing of G.S. §150B-21.2 Rulemaking Steps for Readoption of the Rules in 18 NCAC 10, Electronic Commerce Section (14 Rules)

Step	Completed on or before
Prepare or Obtain a Fiscal Note, if Necessary (G.S. 150B-21.2(a)(2))	July 6, 2029
Publish Notice of Text in NC Register (G.S. 150B-21.2(a)(1))	October 1, 2029
Hold a Public Hearing (G.S. 150B-21.2(a)(4))	At least 15 but not later than 60 days after the date the notice is published
Accept Public Comments (G.S. 150B-21.2(a)(5))	October 1, 2029 - November 30, 2029
Adopt the rules (G.S. 150B-21.2(g))	April 1, 2030
Submit the rules to RRC (G.S. 150B-21.2(g))	Within 30 days of adoption

# Group 2 rules: 18 NCAC 02, 08, 11, 12

#### Proposed Timing of G.S. §150B-21.2 Rulemaking Steps for Readoption of the Rules in 18 NCAC 02, Trademarks (8 rules)

Step	Completed on or before
Prepare or Obtain a Fiscal Note, if Necessary (G.S. 150B-21.2(a)(2))	July 3, 2028
Publish Notice of Text in NC Register (G.S. 150B-21.2(a)(1))	September 1, 2028
Hold a Public Hearing (G.S. 150B-21.2(a)(4))	At least 15 but not later than 60 days
	after the date the notice is
	Published
Accept Public Comments (G.S. 150B-21.2(a)(5))	September 1, 2028 – October 31, 2028
Adopt the rules (G.S. 150B-21.2(g))	January 3, 2028
Submit the rules to RRC (G.S. 150B-21.2(g))	Within 30 days of adoption

# Proposed Timing of G.S. §150B-21.2 Rulemaking Steps for Readoption of the Rules in

Step	Completed on or before
Prepare or Obtain a Fiscal Note, if Necessary (G.S. 150B-21.2(a)(2))	September 2, 2027
Publish Notice of Text in NC Register (G.S. 150B-21.2(a)(1))	November 1, 2027
Hold a Public Hearing (G.S. 150B-21.2(a)(4))	At least 15 but not later than 60 days
	after the date the notice is
	Published
Accept Public Comments (G.S. 150B-21.2(a)(5))	November 1, 2027 – January 3, 2028
Adopt the rules (G.S. 150B-21.2(g))	March 1, 2028
Submit the rules to RRC (G.S. 150B-21.2(g))	Within 30 days of adoption

# 18 NCAC 08, Land Records Management Division (46 rules)

# Group 2 rules continued

# Proposed Timing of G.S. §150B-21.2 Rulemaking Steps for Readoption of the Rules in 18 NCAC 11. Solicitation Licensing Program (13 rules)

10 NCAC 11, Solicitation Electising 110gram (15 rules)			
Step	Completed on or before		
Prepare or Obtain a Fiscal Note, if Necessary (G.S. 150B-21.2(a)(2))	December 5, 2030		
Publish Notice of Text in NC Register (G.S. 150B-21.2(a)(1))	February 3, 2031		
Hold a Public Hearing (G.S. 150B-21.2(a)(4))	At least 15 but not later than 60 days after the date the notice is published		
Accept Public Comments (G.S. 150B-21.2(a)(5))	February 3, 2031 – April 4, 2031		
Adopt the rules (G.S. 150B-21.2(g))	June 2, 2031		
Submit the rules to RRC (G.S. 150B-21.2(g))	Within 30 days of adoption		

# Proposed Timing of G.S. §150B-21.2 Rulemaking Steps for Readoption of the Rules in

18 NCAC 12, Lobbying (148 rules)			
Step	Completed on or before		
Prepare or Obtain a Fiscal Note, if Necessary (G.S. 150B-21.2(a)(2))	July 2, 2027		
Publish Notice of Text in NC Register (G.S. 150B-21.2(a)(1))	September 1, 2027		
Hold a Public Hearing (G.S. 150B-21.2(a)(4))	At least 15 but not later than 60 days after the date the notice is published		
Accept Public Comments (G.S. 150B-21.2(a)(5))	September 1, 2027 – November 1, 2027		
Adopt the rules (G.S. 150B-21.2(g))	January 4, 2027		
Submit the rules to RRC (G.S. 150B-21.2(g))	Within 30 days of adoption		

# 18 NCAC 12, Lobbying (148 rules)

#### Attachment 3

# N.C. Department of the Secretary of State Departmental Rulemaking Priorities for Readoption of 18 NCAC Rules

The Department has used the following criteria to establish the order for readoption of all rules in 18 NCAC covered by this second round of Existing Rules Review (ERR):

1. **Defer involvement of personnel involved in ongoing three-year RENA rule writing effort.** The Department has been engaged in a three-year rulemaking for creating a comprehensive new remote electronic notary program mandated by the General Assembly under 18 NCAC Subchapter 07, Notary Public Division.<sup>1</sup> The scope of this effort has forced involved staff to defer other duties that now need to be addressed. These staff include: two Deputy Secretaries of State, two Division Directors, and the General Counsel. It is a high priority for the Department to schedule readoptions of its rules in a way that for several years minimizes the involvement of these individuals in any rulemaking. This will allow them to catch up on important work that has been forced to be deferred.

2. Consideration of limitations on other staff resources. In setting readoption schedules, the Department must take into account its staff resources. The Department has approximately 180 employees. Many of those employees perform statutorily mandated duties with statutory deadlines that must be taken into account in scheduling rule readoptions. These duties include some for which businesses pay fees linked to time-based performance by the Department. For example, expedited business filing fees require departmental action by the end of the same business day for documents filed before noon.

The Department's Trademark Registration and Land Records units each have two employees who implement highly specialized and complicated departmental statutory authorities. In each of those units, only one of the employees has the expertise necessary to assist in the evaluation of existing rules and analysis of related law and regulations. Scheduling of the rule readoption process for those two units must, therefore, allow for the limitations on the time of the sole expert.

Some other units with rules that must be readopted may have fewer than 10 employees. Only one or two of those employees have the necessary expertise for the readoption process. In larger units, employees may have duties limited to a particular set of statutorily mandated tasks, and lack the broader expertise necessary to the readoption process. Therefore, the Department must prioritize inclusion of additional time in its readoption schedule for these units, in order to enable the experts to perform their statutory duties while participating in the rulemaking process.

<sup>&</sup>lt;sup>1</sup> Approximately 16,000 hours have been expended on this rule writing. Substantial additional time is necessary to implement the new program, including revising manuals and forms; and training for staff, notaries, instructors and technology providers. The General Assembly appropriated no funds to support the creation or implementation of the remote electronic notary program.

Many of the Department's employees who will be involved in readoption rulemaking are presently eligible for maximum annual leave of 26 days per year in addition to other allowed leave.<sup>2</sup> This substantially reduces the time these expert employees will be available for rulemaking tasks that will be added to their normal statutorily mandated duties. Readoption scheduling must, therefore, take into account that reduction in employee availability due to the employees' maximum leave eligibility.

Many of the Department's employees are either presently eligible to retire or within five years of retirement eligibility. The Department must exercise caution in adding rulemaking to these employees' normal statutorily required workload. We do not want to add so much stress via the extra rulemaking duties that they take early retirements.<sup>3</sup> On the other hand, given the possibility of such retirements, building additional time into the overall readoption schedule will allow for the possibility of hiring replacements and training them, if necessary. Therefore, the Department must take the retirement eligibility of employees into account in its readoption scheduling.

The Department has repeatedly made requests to the General Assembly for additional staffing to assist in coping with, for example, a 20% increase in recent years in business registration-related filings. Nonetheless, the Department's staffing level has basically remained unchanged. Failure to meet customer expectations and statutory deadlines inherent in our non-rulemaking related duties may mean that: a merger or acquisition fails, appeal rights are lost related to trademarks in another country when an authentication or apostille is not timely provided, or a North Carolina family's adoption of a child from another country may fail.

The Department simply does not have staff that it can divert from statutorily mandated substantive duties with deadlines. Therefore, the Department's highest priority is to stretch the timelines for readoption to take into account all of the staff-resource capacity issues identified above.

3. Consideration of the additional analysis and research needed in relation to uniform and model laws and rules. The General Assembly has concluded that in order to be competitive, North Carolina businesses engaged in interstate commerce need access to uniform or model laws that do not change when the business crosses state lines.

The General Assembly has entrusted the Department with the responsibility of administering and enforcing several of these uniform laws. For example, the Department enforces the North Carolina Securities Act, Chapter 78A of the General Statutes. In tasking the Department with administration and enforcement of such laws, the General Assembly has expressly required that we ensure that we are as uniform as possible with the parallel laws of other states. See, *e.g.*, G.S. § 78A-64, where the General Assembly has mandated that

[t]his Chapter shall be so construed as to effectuate its general purpose to make uniform the law of those states which enact it and to coordinate the interpretation and administration of this Chapter with the related federal regulation.

<sup>&</sup>lt;sup>2</sup> The State provides 12 paid holidays as well as other types of leave.

<sup>&</sup>lt;sup>3</sup> The Department has actual experience with one or more employees retiring early after there was a substantial increase in their workload.

In addition, the General Assembly has assigned to the Department the administration and enforcement of model laws such as the Business Corporation Act, Chapter 55 of the General Statutes.<sup>4</sup> According to the Uniform Law Commission,

An act is designated as a "Model" Act if uniformity may be a desirable objective, though not a principal objective, and the act may promote uniformity and minimize diversity even though a significant number of jurisdictions may not adopt the act in its entirety, or the purposes of the act can be substantially achieved even though it is not adopted in its entirety by every state.

Thus, in enacting model acts, the General Assembly, while not mandating uniformity, clearly desired that North Carolina businesses engaging in interstate commerce have a reduced need to deal with law substantially differing from state to state. Therefore, the Department must seek to ensure uniformity or harmonization to the extent feasible.

Before we ever begin the formal APA readoption process, we must ensure that we understand other states' uniform and model laws and rules. Only then can we amend, adopt, or repeal rules for our model and uniform laws that are consistent with those of the other states. In setting readoption goals, the Department has considered it a priority to include the time to engage in research and analysis of other states' uniform and model laws and rules.

**4.** Consideration of federal laws and regulations and proposed changes. The Department also administers laws that must be harmonized with federal laws and regulations, *e.g.*, the Trademark Registration Act, Article 1 of Chapter 80, General Statutes. In G.S. § 80-1.1, the General Assembly has specified that

[t]he purpose of this Article is to provide a system of State trademark registration and protection substantially consistent with the federal system of trademark registration and protection under the Trademark Act of 1946, 15 U.S.C. § 1051, et seq., as amended. The construction given the federal act should be examined as persuasive authority for interpreting and construing this Article.

The Department must, therefore, ensure that we understand the federal law and regulations before we embark on readoption of our Trademarks rules.

In addition, the Department administers Chapters 78A, 78C, and 78D of the General Statutes, the Securities, Investment Advisers, and Commodities Acts. North Carolina and federal securities laws affect the ownership, sale, and transfer of much of the wealth of the nation. Some areas of these laws are exclusive to the U.S. Securities and Exchange Commission (SEC) and Commodity Futures Trading Commission (CFTC). In other areas there is exclusive state jurisdiction. And in some areas, there is joint or parallel jurisdiction. The Department must ensure that federal laws such as the Securities Act of 1933 and related laws and regulations are understood at a granular level before it embarks on readoption rulemaking.

Before the formal APA readoption process for the Department's rules can ever begin, timeconsuming and exhaustive work must be undertaken to ensure we understand the related federal

<sup>&</sup>lt;sup>4</sup> "This revision of the North Carolina Business Corporation Act is based upon the Revised Model Business Corporation Act (1984)", Lexis Advance North Carolina Commentary (searched 1/22/25).

laws and rules. That granular-level understanding must then be carefully utilized during the prereadoption analysis of existing rules in order to ensure that decisions regarding existing rules are appropriate.

We must avoid the law of unintended consequences. A failure in the research phase before we begin formal readoption rulemaking could inadvertently put a member of North Carolina's regulated community at risk. For example, an analytical failure could result in a readopted rule that conflicts with a related federal regulation. A member of the regulated community could then be fully compliant with a readopted departmental rule and simultaneously in violation of a federal law or regulation.

The new presidential administration has clearly indicated an intent to change securities and commodities laws and regulations. As one example, cryptocurrency regulation has until now been in flux, with two different federal agencies having jurisdiction. The Department enforces state securities laws against fraud, including cryptocurrency. The new administration has indicated its intent to clarify all law and regulations related to cryptocurrency. As a result of the broad scope of the stated intent of the new administration, profound changes are anticipated in regulation of securities and commodities. Changing the definitions of securities and commodities at the federal level has even been broached.

Readoption of departmental securities rules prior to the new administration's promised regulatory actions would create confusion in the regulated community as well as possible conflicts with federal law. As a practical matter, to plunge into rulemaking in these circumstances would be imprudent. Therefore, it is a particular priority of the Department to delay the readoption process for securities rules and provide time for federal-level actors to achieve clarity. This will also avoid wasting the valuable time of our employees, the regulated community, and the Rules Review Commission. The General Assembly's goal of uniformity to enable our businesses to be competitive in interstate commerce can then be achieved.

**5.** Consideration of model rules and standards. Uniform and model laws are often the subject of national organizations' model rules. For example, the Department looks to the expertise of the North American Securities Administrators Association (NASAA) and the International Commercial Administrators' Association (IACA). These organizations work on consistency and harmonization of rules under uniform and model laws. Before we can begin the formal readoption process, the Department must engage in thorough analysis of the model rules proposed by NASAA, IACA, and similar organizations. We must determine whether harmonization is statutorily required or economically prudent. And, always, we must be granular enough in our analysis to avoid the looming specter of unintended and undesired consequences. Therefore, in our readoption schedule planning we have taken into account the time needed to review model rules from these organizations.

**6.** Consideration of departmental standards-setting work. During the same period in which the Department will be doing its readoption rulemaking, the Department anticipates a need for revision of standards that are excepted from the definition of "rule" pursuant to G.S. § 47-16.5. The Department must take its staff time allocation responsibilities in this regard into account in its readoption scheduling.

7. Consideration of the availability of the Department's General Counsel. The Department's rulemaking coordinator is also the Department's General Counsel, with all of the duties of that

position. Therefore, the Department's readoption schedule must be crafted to allow her to perform her duties other than rulemaking.

The General Counsel does not have her own staff. The Department has no employees currently trained in the rule formatting requirements of OAH and as noted above, it does not have an employee to whose duties this could be added on a permanent basis. The Department's experience is that employees whose regular duties do not include OAH-level formatting need extra time to adequately perform this task. This is true even with the availability of OAH electronic templates. Our experience is that the work of these employees must be meticulously reviewed as it is easy for inadvertent errors to creep in. Therefore, in planning its readoption schedule, the Department has built in extra time for rule formatting.

# **Burgos, Alexander N**

Subject:

FW: [External] Counter proposal re ERR schedules

From: Ann Wall <awall@sosnc.gov>
Sent: Tuesday, April 22, 2025 3:56 PM
To: Ascher, Seth M <seth.ascher@oah.nc.gov>
Cc: Burgos, Alexander N <alexander.burgos@oah.nc.gov>; Elmore, Ann M <aelmore@sosnc.gov>
Subject: Re: [External] Counter proposal re ERR schedules

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Excellent, thanks so very much!

See you Thursday.

Ann

Ann B. Wall General Counsel Department of the Secretary of State <u>awall@sosnc.gov</u> Phone (919) 814-5310 Fax 919-814-5391

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#### **Burgos, Alexander N**

From:	Ascher, Seth M
Sent:	Tuesday, April 22, 2025 3:54 PM
То:	Burgos, Alexander N
Subject:	Fw: [External] Counter proposal re ERR schedules
Attachments:	In chronological order final (4.22.25).docx

Attachment for Secretary of State readoption deadline communication.

#### Seth Ascher

Counsel to the North Carolina Rules Review Commission Office of Administrative Hearings (984) 236-1934

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From: Ann Wall <awall@sosnc.gov>
Sent: Tuesday, April 22, 2025 2:16 PM
To: Ascher, Seth M <seth.ascher@oah.nc.gov>
Cc: Elmore, Ann M <aelmore@sosnc.gov>
Subject: [External] Counter proposal re ERR schedules

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Okay, Seth, here's our counter-proposal, trying to space things out a little more.

I am supposed to leave today at 3:30 so if you think you won't get to it by then, let me know and I'll postpone my appointment (not a big deal).

Ann

Ann B. Wall General Counsel Department of the Secretary of State <u>awall@sosnc.gov</u> Phone (919) 814-5310 Fax 919-814-5391 Please be aware that communications with the Secretary of State's office may be public records.

Ann,

That's fine, I don't imagine we will have a difficult time coming to an agreement.

A couple of points just to make sure we are not talking past each other, and I'm not sure what we've already talked about:

- 1. The readoption deadline is the deadline for the agency's final adoption, not the deadline for RRC action. When we set the readoption deadline, it is our preference that the rule be filed with RRC for that month's or the next month's meeting. So for example, in 18 NCAC 11, when you suggested adopting the rules on June 2, 2031, we would translate that to a July 1, 2031 readoption deadline where our preference would be that the rules be filed for the June 20th, or July 20<sup>th</sup> deadlines and be heard by RRC in July or August. Note however, it is a deadline and we cannot prevent people from readopting rules early, that just makes it harder for RRC to manage its workflow and could lead to more extensions.
- 2. The only changes I intentionally made from your proposal were those I mentioned in the email (moving deadlines to the following first, and correcting what appeared to be typos to me). If there are other places where I have misunderstood, certainly let me know.

**Seth Ascher** Counsel to the North Carolina Rules Review Commission Office of Administrative Hearings (984) 236-1934

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From: Ann Wall <awall@sosnc.gov> Sent: Tuesday, April 22, 2025 12:21 PM To: Ascher, Seth M <seth.ascher@oah.nc.gov> Cc: Elmore, Ann M <aelmore@sosnc.gov> Subject: Re: [External] ERR schedules

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Seth, your proposal makes a couple of changes that simply are not workable for us.

I am working on a counter-proposal and will have it to you shortly.

# Proposed Timing of G.S. §150B-21.2 Rulemaking Steps for Readoption of the Rules in

Ann B. Wall General Counsel Department of the Secretary of State <u>awall@sosnc.gov</u> Phone (919) 814-5310 Fax 919-814-5391

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Ann,

I have reviewed this, and generally intend to recommend the RRC adopt deadlines consistent with your proposed timelines.

As I noted, we are making all deadlines the first of the month to ease our administrative burden. For each where you proposed that the rule be adopted on the 1<sup>st</sup> of a month, I intend to recommend that be the readoption deadline. For each where you proposed that the rule be adopted after the 1st, presumably because of a holiday or weekend, I intend to recommend the first of the following month.

Also, I noted what I think were two typos in your timeline document. For both 18 NCAC 12 and 18 NCAC 02, you had a date for proposed final adoption that would be before your planned the public comment period and other APA required steps. From context, I assumed that the year from the final adoption date was a typo and propose moving it back a year (highlighted in the memo). Please correct me if I have misunderstood.

Attached is the draft staff opinion memorializing the recommendations. Let me know if you have questions or concerns, by end of today if possible.

#### Seth Ascher

Counsel to the North Carolina Rules Review Commission Office of Administrative Hearings (984) 236-1934

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Let me know if you have any questions or need more information.

Ann

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#### In chronological order, with proposed modifications to Staff opinion highlighted, with explanation below

Note that italicized items are still in Step 1 of the ERR process. Dates may therefore change when the consultation process begins.

Chapter	Title	Number of rules	Original Proposed Readoption Timeline	Staff opinion proposed readoption timeline	Counter Proposal - Readoption Timeline
18 NCAC 01	Departmental rules	2	2026	N/A	10/1/2026
18 NCAC 12	Lobbying	<u>148_139</u> 1	1/4/2027 (should be 1/1/2027)	2/1/2028	1/1/2028
18 NCAC 13	State Franchise For Cable Television Service	39	2028	N/A	5/1/2028
18 NCAC 08	Land Records Management Division	46	3/1/2028	3/1/2028	<mark>9/1/2028</mark>
18 NCAC 05	Uniform Commercial Code	43	2/1/2029	2/1/2029	2/1/2029
18 NCAC 02	Trademarks	8	1/3/28 (should be 1/1/2028)	2/1/2029	<mark>9/1/2029</mark>
18 NCAC 04	Business Registration	23	2029	N/A	9/1/2030
18 NCAC 10	Electronic Commerce Section	14	4/1/2030	4/1/2030	4/1/2030
18 NCAC 11	Solicitation Licensing Program	13	6/2/2031 (should be 6/1/2031)	7/1/2031	7/1/2031
18 NCAC 06	Securities Division	175	12/1/2034	12/1/2034	12/1/2034

The proposed highlighted changes space the rule sets further apart than is proposed in the staff opinion.

For your information, both 18 NCAC 12 and 13 consist of rules written shortly after I came to the Department. Each consists of short rules, primarily single sentence rules or rules with lists. They are, in fact, the rules on which I modeled the RENA rules.

<sup>&</sup>lt;sup>1</sup> The number of Lobbying rules is less than stated on the Step 1 documents because 9 rules will be removed from the NCAC on May 1, 2025 as having been through the Step 1 process and deemed unnecessary.