



HOUSE BILL 372: Home-Based Business Fairness Act.

2025-2026 General Assembly

Committee:	House State and Local Government. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	April 15, 2025
Introduced by:	Reps. Johnson, Chesser, Rhyne, Schietzelt	Prepared by:	Ike McRee
Analysis of:	PCS to Second Edition H372-CSCO-8		Committee Co-Counsel

OVERVIEW: *House Bill 372 would limit the authority of cities to regulate no-impact home-based businesses, allowing no-impact home-based businesses to operate on property used for residential purposes. House Bill 372 would not override private land use restrictions contained in deeds or by-laws or other documents applicable to a homeowners association.*

[The proposed committee substitute would make technical changes for clarity and consistency.]

CURRENT LAW: Under G.S. 160D-702, a city may adopt zoning regulations that regulate and restrict the location and use of buildings, structures, and land. A city may also by ordinance (i) define, prohibit, regulate, or abate acts or conditions that are detrimental to the health, safety, or welfare of its citizens and (ii) regulate and license businesses and prohibit businesses that may be injurious to the public health, welfare, safety. (G.S. 160A-174, G.S. 160A-194)

BILL ANALYSIS: House Bill 372 would limit the authority of cities to regulate certain business activity on property used for residential purposes. The bill would not override private land use restrictions contained in deeds or by-laws or other documents applicable to a homeowners association.

A "no-impact home-based business" would be defined as a business owned and operated by the owner or occupant of the residential dwelling. The business would be limited to the number of on-site employees and clients that does not exceed the city's occupancy limit for the residential property. The business could only sell lawful goods and services, could not generate on-street parking or a substantial increase in traffic through the residential area, and its operation could not be visible from the street.

Under the bill, a city could not require the no-impact home-based business to submit a rezoning petition or install fire sprinklers in any building subject to the North Carolina Residential Code. A city could impose regulations to do any of the following:

- Ensure the protection of public health and safety.
- Ensure that the business activity is compatible with residential use or the property and surrounding residential properties.
- Ensure that the business is secondary to the use of the property as a residential dwelling and complies with State and federal law.
- Prohibit or limit use of the business for the purpose of selling illegal drugs, liquor, operating a sober living home, pornography, obscenity, or nude or topless dancing or other adult-oriented business.

EFFECTIVE DATE: The act would be effective when it becomes law.

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