HOUSE BILL 926:
Regulatory Reform Act of 2025.

2025-2026 General Assembly

Committee:	House Rules, Calendar, and Operations of the House	**Date:**	June 18, 2025
Introduced by:	Reps. Riddell, Zenger, Chesser	**Prepared by:**	Kyle Evans Jennifer McGinnis Chris Saunders Aaron McGlothin Committee Counsel
Analysis of:	Fourth Edition		

OVERVIEW: House Bill 926 would amend laws related to occupational licensing and professional practice, business, development, education, Nash County occupancy taxes, nuisance and liability, and the Administrative Procedure Act.

CURRENT LAW & BILL ANALYSIS:

PART I. OCCUPATIONAL LICENSING AND PROFESSIONAL PRACTICE REFORMS

EXEMPT CERTIFIED REFLEXOLOGISTS FROM OVERSIGHT FROM THE NORTH CAROLINA BOARD OF MASSAGE AND BODYWORK THERAPY

The North Carolina Massage and Bodywork Therapy Practice Act establishes legal requirements for licensure and regulation of massage and bodywork therapy practitioners (Article 36 of Chapter 90 of the General Statutes).

G.S. 90-622 defines "massage and bodywork therapy" as "systems of activity applied to the soft tissues of the human body for therapeutic, educational, and relaxation purposes. The application may include (*i*) pressure, friction, stroking, rocking, kneading, percussion, or passive or active stretching within the normal anatomical range of movement; (*ii*) complimentary methods, including the external application of water, heat, cold, lubricants, and other topical preparations; and (*iii*) the use of mechanical devices that mimic or enhance actions that may possibly be done by the hands."

Section 1 would provide that the following individuals engaged in the practice of reflexology are not subject to licensure requirements or regulation under the Massage and Bodywork Therapy Practice Act:

- Nationally certified reflexologists who have a current certification from the American Reflexology Certification Board (ARCB).
- Reflexology students working to obtain certification from the ARCB under the supervision of an ARCB-certified reflexologist. The licensure exemption for reflexology students would be effective for a maximum of 12 months from the beginning of the certification process.

This section would define "reflexology" as "a protocol of manual techniques, including thumb- and finger-walking, hook and backup, and rotating-on-a-point, that are applied to specific reflex areas predominately on the feet and hands and that stimulate the complex neural pathways linking body systems

and support the body's efforts to function optimally." This section would become effective October 1, 2025.

AUTHORIZE DISTANCE EDUCATION FOR MASSAGE AND BODYWORK THERAPY LICENSURE

The North Carolina Massage and Bodywork Therapy Practice Act sets out the requirements for an individual to be licensed as a massage and bodywork therapist. In addition to meeting other requirements, an applicant for licensure must complete a training program which consists of a minimum of 650 in-class hours of supervised instruction at a school approved by the Board of Massage and Bodywork Therapy (Board).

Section 2 would remove the requirement that the 650 hours be in-class, authorizing the Board to approve supervised distance education as part of the initial 650 hours requirement for licensure.

ALLOW PHYSICAL THERAPISTS TO EVALUATE STUDENT ATHLETE HEAD INJURIES DURING ATHLETIC ACTIVITIES

G.S. 115C-407.57 establishes requirements for the State Board of Education in adopting rules on concussions and head injuries for middle and high school students. When a student participating in an interscholastic athletic activity exhibits signs or symptoms consistent with a concussion, they must be removed from the activity and cannot return to play or practice until cleared to do so by an enumerated list of medical professionals, including a licensed doctor, neuropsychologist, athletic trainer, physician assistant, or nurse practitioner.

Section 3 would add to the enumerated list of health professionals a licensed physical therapist specifically trained in concussion protocols and management, allowing licensed physical therapists to evaluate and clear students for athletic participation following a concussion or head injury.

GENERAL CONTRACTOR CONTINUING EDUCATION EXEMPTIONS

G.S. 87-10.2 requires that any person wishing to renew a general contractor's license must complete annually at least eight hours of continuing education approved by the State Licensing Board for General Contractors. G.S. 87-15.4 creates two special builder designations for residential builders that complete the educational requirements for the designation created by the North Carolina Builders Institute (Institute). To maintain the special designation, the builder must maintain their general contractor license and complete at least eight hours of continuing education annually as certified by the Institute.

Section 4 would exempt from continuing education requirements for general contractors imposed by G.S. 87-10.2 the following:

- A member of the General Assembly for any calendar year in which the member serves a term or some portion thereof in the General Assembly.
- A licensee who holds a special builder designation under G.S. 87-15.4 and meets the requirements of that section.

END DUAL LICENSURE REQUIREMENTS FOR AUDIOLOGISTS

It is generally unlawful for a person to fit or sell hearing aids without being licensed to do so by the State Hearing Aid Dealers and Fitters Board. In addition to this Board, there exists the Board of Examiners for Speech and Language Pathologists and Audiologists. This Board licenses speech pathologists and audiologists independently.

Under current law, licensed audiologists who possess a doctoral degree in audiology are expressly authorized to fit or sell hearing aids, without being required to obtain separate licensure from the State Hearing Aid Dealers and Fitters Board.

Section 5 would authorize anyone holding an unrestricted license as an audiologist, audiology assistant, or certified technician from the Board of Examiners for Speech and Language Pathologists and Audiologists to fit or sell hearing aids without having to obtain separate licensure from the State Hearing Aid Dealers and Fitters Board.

LOCKED HEARING AID DISCLOSURES FOR HEARING AID FITTERS, DEALERS, AND AUDIOLOGISTS

G.S. 93D-7 requires that every person fitting or selling a hearing aid, at or before the time of delivery, provide the purchaser a statement of sale that includes the following information: the date of sale; whether the hearing aid is new, used, or refurbished; the hearing aid identification number; name of manufacturer; price of hearing aid; charge for fitting and service; name of the dealer or fitter; and the customer's signature. This requirement does not apply to the selling of over-the-counter hearing aids.

Section 6 would establish certain requirements applicable to licensed hearing aid specialists who sell "locked hearing aids," which are defined as "a hearing aid that uses either proprietary programming software or locked, nonproprietary programming software that restricts programming or servicing of the device to specific facilities or providers."

This section would require licensed hearing aid specialists who sell locked hearing aids to provide purchasers with the following written notice in 12-point font type or larger, prior to the sale:

> "The hearing aid being purchased uses proprietary or locked programming software and can only be serviced or programmed at specific facilities or locations."

The purchaser would have to sign this written notice prior to completing the sale.

Upon selling a locked hearing aid, the seller must deliver to the purchaser a written receipt that provides, in addition to the information required by G.S. 93D-7, the following information: the date of sale; the make, model, and serial number of the hearing aid; whether the hearing aid is new, used, or reconditioned; the name and license number of each person who sold or provided any recommendation or consultation regarding the purchase; the address and office hours for the licensee's business; and the terms of any guarantee or written warranty made to the purchaser.

This section would also require the seller to maintain the following records for at least seven years after the sale, including: a copy of the written notice signed by the purchaser; a copy of the receipt containing all requisite information regarding the sale; the results of any audiologic tests or measurements performed; and a copy of any written recommendations prepared as part of the fitting or dispensing of the hearing aid.

Section 7 would establish requirements for licensed audiologists that are identical to those requirements in Section 6 which are applicable to hearing aid specialists.

Sections 6 and 7 would become effective October 1, 2025.

AUTHORIZE BROKERS TO REGISTER WITH MULTIPLE DEALERS

It is unlawful for any person to transact business in the State as a dealer or salesman of securities unless the person is registered with the Secretary of State. A dealer cannot employ a salesman unless the salesman is registered, and a salesman can only be registered to one dealer at a time.

Section 8 would permit a salesman to register with more than one dealer at a time if each of the dealers that employ the salesman is under common ownership or control, or the multi-registration is otherwise allowed by rule or order of the Secretary of State.

PART II. BUSINESS, DEVELOPMENT, AND EDUCATION REFORMS

ALLOW BUYER'S AGENT COMPENSATION TO BE INCLUDED IN THE OFFER TO PURCHASE

By rule adopted by the North Carolina Real Estate Commission, a broker acting as an agent in a real estate transaction may not use a preprinted offer or sales contract that includes any provision regarding the payment of commission or compensation to a broker or firm.

Section 9 would direct the Real Estate Commission to implement its rule concerning offer and sales contracts to allow preprinted contracts to include provisions regarding the payment of commission or compensation and amend its rule consistent with that implementation.

ESTABLISH JURISDICTION FOR LAND THAT LIES WITHIN MORE THAN ONE LOCAL GOVERNMENT

Under current law, if a parcel of land lies within the planning and development jurisdiction of two local governments, the local governments may agree, with the consent of the landowner, to assign exclusive planning and development jurisdiction over the parcel to one of the local governments. Current law requires that, when a local government adopts or rejects any zoning text or map amendment, the governing board must approve a statement of whether its action is consistent or inconsistent with an adopted comprehensive or land-use plan; this statement is not subject to judicial review.

Section 10 would establish which local government would have planning and development jurisdiction over the parcel based on the availability of public water and sewer service from the local governments.

WATER AND SEWER ALLOCATION

Section 11 would repeal a provision prohibiting local government units from implementing a scoring or preference system to allocate water or sewer service among applicants for water or sewer service for residential development and from requiring an applicant for water or sewer service for residential development to agree to any condition not otherwise authorized by law, or to accept any offer by the applicant to consent to any condition not otherwise authorized by law. The section would replace those provisions with a new Article in Chapter 162A of the General Statutes that mandates every local governmental unit operating a water system, sewer system, or both to allocate capacity as requests are received, and establishes a vested right in that capacity allocation that runs with the land, as follows:

- Requires providers to approve or deny applications for allocation in chronological order within 10 days of receiving the application. Applications for allocation must be approved if the provider has capacity, unless the applicant does not have plat approval, there is no available capacity, or the

applicant has rejected the offer of the reduced capacity allocation available. The capacity required for a local government project would not be included in the calculation of available capacity.

- Establishes a reservation period of 24-months after an allocation is approved with the potential for a 12-month extension.
- Establishes allocations as a vested right running with the land and transferable.
- Requires an approved applicant to notify the provider if a modification of allocations is needed.
- Allows providers to give priority in allocation to requests from public schools, in accordance with G.S. 115C- 521, and to applications demonstrating a substantial threat to public health, safety, or welfare.
- Requires providers to prepare annual reports no later than October 1 of each year regarding its system capacity and available capacity.

Section 11 would also require providers to reserve, allocate, and provide water or sewer, or both, in the chronological order a service commitment made on or after July 31, 2020, was issued prior to making any other capacity allocations under the new provisions.

LIMIT LOCAL GOVERNMENT AUTHORITY TO ADOPT REQUIREMENTS FOR WATER AND SEWER INFRASTRUCTURE THAT ARE MORE STRINGENT THAN STATE LAW

Section 12 would prohibit local governments from adopting or enforcing requirements concerning specific materials and components required to be used for water or sewer infrastructure, in association with development that are more stringent than corresponding requirements in State law[1] unless the requirements are approved by the Environmental Management Commission (EMC) and adopted by ordinance. The EMC could only approve more stringent requirements where it determines that the requirement is necessary or advisable to address specific concerns of the jurisdiction in question due to geography or other factors, and, if so, whether the requirement is a cost-effective approach to meet the regulatory objective.

This section would become effective December 1, 2025, and apply to a requirement for the construction, alteration, or operation of a water or sewer system in association with development adopted or enforced on or after that date.

MODIFY THE FALLS RESERVOIR WATER SUPPLY NUTRIENT STRATEGY RULES TO EXEMPT NEW RESIDENTIAL DEVELOPMENT DISTURBING LESS THAN ONE ACRE

The Falls Lake Rules are a nutrient management strategy designed to restore water quality in the lake by reducing the amount of pollution entering upstream. The Falls Lake Nutrient Management Strategy was implemented in 2011 to reduce nutrient inputs to the lake from wastewater discharges, stormwater runoff from new and existing development, and agricultural sources. Among other things, the Falls Lake rule governing stormwater management for new development requires:

- That all local governments subject to the rule develop stormwater management programs with certain elements, including a requirement that a stormwater management plan must be submitted

[1] Subchapters 2T and 18C of Title 15A of the North Carolina Administrative Code

for local government approval for all proposed new development disturbing one-half acre or more for single family and duplex residential property and recreational facilities.[2]

- Proposed new development activity disturbing at least one-half acre but less than one acre of land for single family and duplex residential property and recreational facilities must achieve 30% or more of the needed load reduction in both nitrogen and phosphorus loading onsite and must meet any requirements for engineered stormwater controls described in the rule.

Section 13 would require the Environmental Management Commission to revise the Falls Lake rule governing stormwater management for new development to:

- Except as required pursuant to federal law or permit, prohibit requirements for a stormwater permit, management plan, or post-construction stormwater controls for single family and duplex residential and recreational development that cumulatively disturb less than one acre, which is not part of a larger common plan of development.
- Prohibit applicable local governments from establishing requirements more restrictive than the rule.

ALLOWING THE USE OF UNGRADED LUMBER IN CERTAIN CIRCUMSTANCES

The North Carolina Residential Code and the North Carolina Building Code currently require that all sawn lumber and end-jointed lumber used for load-supporting purposes be identified by a grade mark or certification of inspection issued by a lumber grading or inspection agency.

Section 14 would direct the Residential Code Council to amend the North Carolina Residential Code and the Building Code Council to amend the North Carolina Building Code to allow dimension lumber that has not been grade-stamped to be used in the construction of one- and two-family dwellings and structures classified as Residential Group R-2 or R-3, when certain conditions are met.

Section 15 would direct North Carolina Cooperative Extension to create a lumber grading training program to provide for the certification of lumber graders, and allow the Extension to authorize private lumber grading programs to certify lumber graders.

Section 16 would require that building permit applicants submit certain additional information with their building permit application for structures construed with lumber that has not been grade-stamped under the authority of a lumber grading bureau.

MINING PERMIT PROCESS MODIFICATIONS

Under current law, a person performing mining activities must obtain a permit from the Department of Environmental Quality (Department). For purposes of the Mining Act (Act), "mining" means:

- The breaking of the surface soil in order to facilitate or accomplish the extraction or removal of minerals, ores, or other solid matter.
- Any activity or process constituting all or part of a process for the extraction or removal of minerals, ores, soils, and other solid matter from their original location.

[2] The Jordan Lake rule governing stormwater management for new development requires an approved stormwater management plan for all proposed new development disturbing one acre or more for single family and duplex residential property and recreational facilities.

- The preparation, washing, cleaning, or other treatment of minerals, ores, or other solid matter so as to make them suitable for commercial, industrial, or construction use.

A number of activities are specifically exempt from the definition, including excavation or grading when conducted solely for activities undertaken on agricultural land that are exempt under the Sedimentation Pollution Control Act (SPCA).

The Mining Act establishes requirements for public notice and public hearings, and timeframes for Department action, in association with a permit application.

Section 18 would:

- **Exempt from the definition of "mining"** activities undertaken at any time on the mine property for **the production and harvesting of timber and timber products and conducted in accordance with standards defined by the Forest Practice Guidelines Related to Water Quality**, as adopted by the Department of Agriculture and Consumer Services. These activities are also exempt from requirements under the SPCA.
- Provide that **requests for public hearing must be made within 30 days of receipt of notice (rather than within 30 days of issuance of the notice)** from the chief administrative officer of each county and municipality in which any part of the permitted area is located and owners of land adjoining the proposed mine, and owners of land within specified proximity to the proposed mine.
- Provide that the Department may not extend or alter public comment periods and time frames for conducting public hearings established by the applicable statutes.
- Add language explicitly applying a statute governing all permits issued by the Department to the Mining Act, which provides that to the extent required by federal or State law, the Department may not refuse to accept an application for, nor refuse to issue, a new, modified, or transferred mining permit based solely on the failure of an applicant to obtain another permit, authorization, or certification required for the same project.
- Modify timeframes for Department review of an application (currently the Department must grant or deny the permit requested as expeditiously as possible, but in no event later than 60 days after the application form and any relevant and material supplemental information reasonably required shall have been filed with the Department, or if a public hearing is held, within 30 days following the hearing and the filing of any relevant and material supplemental information reasonably required by the Department) to establish specific time limits for the Department to perform an administrative review of an application to determine whether it is administratively complete, and additional timeframes and limits on subsequent requests for information from an applicant, with a technical review period of 60 days once the Department determines the application is complete to issue or deny the permit. The Department may, however, request additional information if required for the technical review based on any new information, changed circumstances, or changed designs provided by the applicant in a previous information submittal, and, where the Department identifies information that should have been requested, the Department may address this information by including conditions in or modifications to the permit upon issuance, but may not deny the permit because of the missing information.

NO DISCRIMINATION IN HIGHER EDUCATION AGAINST CREDITS, DEGREES, OR CERTIFICATIONS BASED ON ACCREDITOR IDENTITY WHERE THE ACCREDITOR IS RECOGNIZED BY THE US DEPARTMENT OF EDUCATION

Section 19 would direct both the State Board of Community Colleges and the Board of Governors to adopt policies prohibiting any community college or any constituent institution of the UNC System from denying or treating disparately any potential transfer credit, degree, or other certification for any purpose, based solely on the basis of the identity of the accreditor, provided that the institution providing the credits, degrees, or certifications holds an accreditation from any accreditor recognized by the US Department of Education.

DELAY PHASED-IN MANDATORY COMMERCIAL AND RECREATIONAL REPORTING OF CERTAIN FISH HARVESTS, AS ENACTED BY S.L. 2023-137

Section 6 of S.L. 2023-137 enacted mandatory commercial and recreational fishing reporting requirements for certain fisheries. Failing to complete the mandatory reporting would result in a violation punishable as follows: beginning December 1, 2024, a verbal warning, beginning December 1, 2025, issuance of a warning ticket , and beginning December 1, 2026, an infraction and $35 fine. S.L. 2024-45 delayed the implementation of these punishments by a year.

Section 20 would further delay the punishment of a verbal warning to December 1, 2026, a warning ticket to December 1, 2027, and the punishment of an infraction and $35 fine to December 1, 2028.

LIMIT LOCAL GOVERNMENT AUTHORITY TO REGULATE THE DISPLAY OF AMERICAN FLAGS ON PRIVATE PROPERTY

Section 21 would prohibit a city from adopting or enforcing an ordinance that prohibits or restricts a property owner from displaying an American flag or a North Carolina flag on the property owner's property. A city would, however, be authorized to adopt an ordinance to reasonably regulate the manner and placement of the display of an American flag or a North Carolina flag only when necessary to protect public health and safety. To enforce such an ordinance against a particular property, the city would be required to produce written findings of fact documenting the public health and safety concerns. If a city asserts that the threat to public safety involves traffic concerns, the city must request that the Department of Transportation complete a site study to evaluate whether traffic concerns arise with the flag's placement. In that event, the flag would only be prohibited if the site study finds traffic concerns with that placement.

PART III. NASH COUNTY AND CITY OF ROCKY MOUNT OCCUPANCY TAX REFORM

Nash County currently levies a 5% room occupancy tax. The county occupancy tax applies to accommodations located throughout the county, including accommodations located within city limits. Nash County remits the proceeds from the first 3% to the Nash County Tourism Development Authority. The Authority must use at least two-thirds of the proceeds for tourism promotion and the remainder for tourism-related expenditures.

The proceeds from the remaining 2% of the tax are remitted directly to the City of Rocky Mount and may only be used for tourism-related expenditures that have been specifically approved in advance by the Nash County Tourism Development Authority.

Of Nash County's total net proceeds, 60% is used for tourism-related expenditures (1% of the first 3% plus the entirety of the 2%). However, the Guidelines limit the use for tourism-related expenditures to a maximum of 33%.

The City of Rocky Mount lies in both Nash County and Edgecombe County. Rocky Mount does not currently have the authority to levy an occupancy tax, but Edgecombe County has the authority to levy a 6% occupancy tax.

Sections 22, 23, 24, 25, 26, and 27 would do the following:

- Repeal 2% of Nash County's 5% authority to levy an occupancy tax, effective July 1, 2025. This Part provides transition language requiring Nash County and Rocky Mount to remit any proceeds of the 2% collected and/or unexpended after the repeal date to the Rocky Mount District R Tourism Development Authority once it has been created. Nash County would continue to have authority to levy a 3% occupancy tax, and the proceeds would be used in the same manner as under current law.
- Create "Rocky Mount District R" as a taxing district consisting of that part of the City of Rocky Mount located in Nash County and authorize the District to levy a 3% occupancy tax and remit the proceeds to the Rocky Mount District R Tourism Development Authority. The Authority must use at least two-thirds of the funds for tourism promotion and the remainder for tourism-related expenditures. Assuming the tax is enacted, the total occupancy tax rate applicable to accommodations located on the Nash County side of Rocky Mount would increase from 5% to 6% under thispart.
- Prohibit elected officials from serving on either Tourism Development Authority.

The repeal of Nash County's 2% occupancy tax would become effective July 1, 2025. The remainder of this Part would become effective when the act becomes law.

PART IV. JUDICIARY AND ADMINISTRATIVE PROCEDURE ACT REFORMS

PROTECT THE RIGHT TO RACE

Under common law, the general rule for “coming to the nuisance” is that it is not an automatic bar or defense to a nuisance suit, but it is taken into consideration in determining whether the use of the property is unreasonable.

Section 28 would provide that a racing facility is not subject to a nuisance action brought by a surrounding property owner within a three-mile radius of the facility if the developer of the racing facility obtained all required permits for construction of the facility before the surrounding property owner either purchased the real property or constructed any building within the three-mile radius.

This section would become effective when it becomes law and would apply to actions commenced on or after that date.

CARRIER LIABILITY FOR FAILURE TO USE CUSTOMER PROVIDED PARCEL LOCKER FOR PACKAGE DELIVERY

Section 29 would provide that a package carrier is liable for loss of a package if the carrier fails to deliver a package to a parcel locker provided by the intended recipient of the package if the parcel locker is compatible with a carrier's requirements for delivery, and the intended recipient has otherwise complied with any requirements of the carrier with respect to use of the parcel locker. The term "parcel locker" is defined as a lockable storage unit designed to store packages for recipients securely.

REDUCE PENALTY FOR CERTAIN SHELLFISH AQUACULTURE VIOLATIONS
Under current law, violations of shellfish leases or aquaculture operation permits related to shellfish leases are enforced pursuant to G.S. 113-187, which makes violations a Class A1 misdemeanor.

Section 30 would reduce the penalties for certain acts related to shellfish aquaculture operation, as follows:

- A violation for an improperly marked shellfish lease area, a first offense would be a warning ticket, a second offense within a month would be an infraction, and a third offense within a month of the warning ticket would be a Class 3 misdemeanor.
- A violation for operating under an expired aquaculture operation permit that occurs within one month of the expiration of the permit would be a warning ticket.
- A violation for operating under an expired shellfish lease agreement that occurs within one month of the expiration of the agreement would be a warning ticket.

Section 30 would become effective December 1, 2025, and would apply to offenses committed on or after that date.

EXTEND NOTICE REQUIRED BEFORE CONTESTED CASE HEARINGS
Under current law, the parties to a contested case must be given notice at least 15 days before the hearing.

Section 31.(a) would provide that for Article 3 contested cases, the Office of Administrative Hearings (OAH) must give the parties written notice of the location and week that the hearing is expected at least 45 days before the initial scheduled hearing date. OAH would still issue a notice of hearing at least 15 days before the hearing date.

Section 31.(b) would provide that for Article 3A[3] contested cases, the agency must give the parties notice at least 45 days before the hearing.

REQUIRE AGENCY ATTORNEYS TO COMPLY WITH RULE 4.2 OF THE RULES OF PROFESSIONAL CONDUCT IN CONTESTED CASES
Section 32 would require that a lawyer representing a State agency in a contested case under either Article 3 or Article 3A of the Administrative Procedure Act not communicate about the subject of the representation with a person the lawyer knows is represented by another lawyer in the matter. A violation would be considered a violation of Rule 4.2 of the State Bar's Rules of Professional Conduct.

ENCOURAGE ARTICLE 3A AGENCIES TO NEGOTIATE INFORMALLY
The official policy of the State in disputes between a State agency and another person is that those disputes should be settled through informal procedures. A contested case may be filed only if the dispute cannot be resolved informally.
Section 33 would make clear that this also applies to Article 3A of the Administrative Procedure Act.

EFFECTIVE DATE: Unless otherwise specified, this act would become effective when law.

[3] Article 3A of the Administrative Procedure Act governs contested cases involving (i) occupational licensing boards, (ii) the State Banking Commission, the Commissioner of Banks, and the Credit Union Division of the Department of Commerce, (iii) the Department of Insurance and the Commissioner of Insurance, (iv) the State Chief Information Officer in the administration of the Department of Information Technology, (v) the State Building Code Council, and (vi) the Office of the State Fire Marshal and the State Fire Marshal.