This Bill Analysis reflects the contents of the bill as it was presented in committee.

SENATE BILL 1047: Regulatory Reform Act of 2026.

2025-2026 General Assembly

Committee:	Senate Rules and Operations of the Senate	**Date:**	June 3, 2026
Introduced by:	Sen. Jarvis	**Prepared by:**	Jennifer McGinnis
Analysis of:	PCS to First Edition S1047-CSBRf-38		Chris Saunders Kyle Evans Julianna Fedorich Staff Attorneys

OVERVIEW: The Proposed Committee Substitute for Senate Bill 1047 (PCS) would amend State laws related to energy and utilities, the environment, electrical and building codes, development and development approvals, impact fees, homeowners' association governance, and various other laws and regulations.

CURRENT LAW & BILL ANALYSIS:

GUARANTEED ENERGY SAVINGS CONTRACTS

Section 1 (a) and (b) would create a new Part 3 in Article 3B of Chapter 143 to be entitled "Guaranteed Energy Savings Contracts" and recodify existing law from Part 2 of that Article, "Energy Saving Measures for Governmental Units."

Section 1(c) would require a governmental unit to issue requests for qualifications (RFQ) before entering a guaranteed energy savings contract, set minimum requirements for that RFQ, criteria for selecting a qualified provider, and other procedures concerning the review and selection of a qualified provider, including mandatory review by the State Energy Office. The section would also require a qualified provider to pay a non-refundable administrative fee of $1000 to the State Energy Office to cover the costs of reviewing the contract and administering the program.

Section 2 and 3 would make conforming changes to those recodifications in Section 1.

Section 4 would require the Department of Administration (DOA) to adopt temporary rules and permanent rules to implement these changes.

Section 5 would require DOA to amend its rules, to provide that, for State governmental units, solicitation documents shall include the estimated cost of financing obtained from the Director of Debt Management, Office of the State Treasurer. Local governmental units would be allowed to obtain information on the estimated cost of financing from the Office of the State Treasurer or from a qualified provider.

Section 6 would require DOA to amends its rules to provide that the agency must certify, prior to execution of a guaranteed energy savings contract, that the use of federal funds for such purpose complies with all federal requirements with a certification supported by written confirmation.

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

AUTHORITY FOR MOBILE HOME PARK AND TINY HOME COMMUNITY LANDLORDS TO BILL TENANTS FOR MASTER-METERED WATER SERVICE

Under current law, for the purpose of encouraging water conservation, residential landlords are generally required to charge tenants for water or sewer service based on the user's metered consumption of water, which must be determined by metered measurement of all water consumed. The rate charged by the landlord can't exceed the unit consumption rate charged by the supplier of the service.

For leased premises that are contiguous dwellings built prior to 1989, however, where the lessor determines that the measurement of a tenant's total water usage is impractical or not economical, the landlord may allocate the cost for water and sewer service to the tenant using equipment that measures the lessee's hot water usage, in compliance with certain conditions. In that case, each tenant must be billed a percentage of the landlord's water and sewer costs for water usage in the dwelling units based upon the hot water used in the tenant's dwelling unit. The percentage of total water usage allocated for each dwelling unit must be equal to that dwelling unit's individually submetered hot water usage divided by all submetered hot water usage in all dwelling units. A landlord may not utilize a ratio utility billing system or other allocation billing system that does not rely on individually submetered hot water usage to determine the allocation of water and sewer costs.

Section 7 would authorize a landlord of a leased mobile home located within a mobile home park, or a leased tiny home located within a tiny home community, if the landlord determines that the measurement of the lessee's total water usage is impractical or not economical, to allocate the cost for water and sewer service to the tenant using:

- Equipment that measures the lessee's hot water usage.
- A ratio utility billing system or other allocation billing system that does not rely on individually submetered hot water usage to determine the allocation of water and sewer costs.

For purposes of this section, the term "tiny home" means a single family detached dwelling unit that is 400 square feet or less in floor area, specifically excluding lofts.

MINING PERMIT 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.
- 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 8 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.

ALIGN NORTH CAROLINA DUST-LEAD HAZARD STANDARDS WITH FEDERAL STANDARDS ADOPTED BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

Current law defines lead poisoning hazard to include certain concentrations of lead dust on surfaces, in varying amounts. These standards follow federal standards for lead concentrations adopted by the United States Environmental Protection Agency (EPA). The EPA, in late 2024, adopted new, lower standards for lead dust concentrations.

Section 9 would amend current State law to align with the updated standards adopted by the EPA.

ON-SITE WASTEWATER PRODUCTS FOR STORMWATER

The Department of Environmental Quality (DEQ) administers the State's stormwater program, pursuant to delegation from the federal Clean Water Act. As part of that program, the Department

Section 10 would direct DEQ to approve for use as a new stormwater technology any prefabricated permeable block panel system approved by the Department of Health and Human Services for use in the State. In developing Minimum Design Criteria (MDC) for this technology, DEQ shall ensure that the MDC follows the manufacturer's installation and service requirements as closely as possible while still complying with federal and State requirements. A system approved pursuant to this authorization may be used by a professional engineer in certain traffic areas, provided the system meets certain structural loading requirements.

TEMPORARY EVENT EXEMPTION FOR ELECTRIC WORK

Current law prohibits engaging, or offering to engage, in the business of electrical contracting in the State without having received a license from the State Board of Examiners of Electrical Contractors, with limited exceptions.

Section 11 would expand those exemptions to allow attachment of listed items to temporary luminaire or lighting fixtures at existing, permanent receptacles for time-limited permitted international wholesale trade show events in an exhibition hall assembly occupancy space.

This section would be effective when it becomes law and apply to permitted events occurring on or after that date.

IMPLEMENTATION OF CODE CHANGES FOR USE OF CERTAIN INSULATIONS IN WALLS

Section 12 would require the Building Code Council and Residential Code Council (Council) to amend its rules concerning building thermal envelopes to provide that installing air-impermeable spray foam insulation as cavity insulation, which meets R 13 in climate zones 3 and 4, and R-15 insulation in climate zone 5, without installation of additional continuous insulation, is deemed to satisfy the R-value requirements for the wood frame wall in the appropriate climate zone, provided that the building envelope obtains an ACH50 blower door test result of less than or equal to 3.0.

PERMIT CHOICE MODIFICATIONS

Under current law, when a development permit applicant submits a permit application for any type of development and a rule or ordinance is amended between the time the application was submitted and the time a development permit decision is made by the local government, the applicant may choose which version of the rule or ordinance will apply to the permit.

Section 13 would expand the types of development permits and land development regulations subject to permit choice to include conditional zoning, rezoning, and stormwater permits. This section would also clarify that a development permit applicant may not select a version of an erosion and sediment control permit or a stormwater permit that does not comply with federal law.

ESTABLISH REVIEW PERIODS FOR LOCAL GOVERNMENT APPROVALS AND DECISIONS

Section 14 would establish a 90-day timeline for review of applications for development approvals and rezoning requests. Within 14 days, the local government or its staff must determine if the application is complete. When the application is deemed complete, the 90-day timeline begins. Failure to act within the 90-day period would constitute an approval of the application.

AMEND REQUIREMENTS FOR ESTABLISHMENT OF HISTORIC DISTRICTS

Under current law, a local government may designate and amend historic districts either as separate use districts or as districts that overlay other zoning districts so long as there is an investigation and report describing the significance of features of the district and a description of the boundaries, and the Department of Natural and Cultural Resources has made an analysis and recommendation.

Section 15 would require at least 50% of the property owners in a proposed historic district sign a petition requesting designation of the district and the governing board then approve the adoption of the historic district by a 3/5 vote of a quorum of the governing board.

REQUIRE ZONING BASED ON DENSITY AND CLARIFY DENSITY CALCULATION

Section 16 would define the term "dwelling unit" and require that that local governments classify residential zoning districts based on the number of dwelling units per acre rather than minimum lot size. In calculating the density, the actual gross acreage could not be reduced by subtracting setbacks, public or private streets, open space or recreation areas, or other areas that are nondevelopable solely because of the local government's development, zoning, or subdivision regulations. If a portion of the lot is undevelopable because of State or federal law, the local governments must allow the residential units to be located on the developable portion of the lot unless it would otherwise conflict with the Residential Code, Building Code, Fire Code, on-site wastewater and well rules, water supply watershed rules, or regulations required to be adopted under federal law.

PROMOTE FEE TRANSPARENCY AND PREDICTABILITY FOR APPLICANTS PRIOR TO LOCAL GOVERNMENT DEVELOPMENT PERMIT APPROVAL OR ISSUANCE.

Section 17 would require local governments to prominently display their development fee schedules on their official websites and report their fee schedules to the Local Government Commission, who would compile an annual report of local government fee schedules statewide.

This section would also require each local government to provide an applicant for a development approval the current fee schedule and an estimate of all fees that may reasonably be assessed for the applicant's project within 10 business days after the applicant submits a completed application. When a development approval is issued, the local government would be required to provide the applicant with a binding final fee statement of exact fees due, which may not exceed the previously provided estimate. An applicant could bring a civil action in superior court to compel compliance with the requirements of this section, and the prevailing party would recover reasonable attorney's fees and costs.

TOLL DISCONTINUANCE PERIOD FOR VESTED RIGHTS DURING EMERGENCY DECLARATIONS

Current law provides that upon issuance of a development permit, a vested right is established, meaning amendments in land development regulations are not applicable or enforceable without the written consent of the owner, for a period of time (a site specific development plan is vested for two years, although a local government may provide for site specific development plan vesting for up to five years).

A vested right to complete a project granted by the issuance of a development permit expires for an uncompleted development project if the development work is intentionally and voluntarily discontinued for 24 months. The 24 month discontinuance period is automatically tolled during either of the following:

- The pendency of any board of adjustment proceeding or civil action in a State or federal trial or appellate court regarding the validity of a development permit, the use of the property, or the existence of the statutory vesting period.
- The pendency of any litigation involving the development project or property that is the subject of the vesting.

Sections 18 would provide that the 24-month discontinuance period for the vested right to complete a project is also tolled for the duration of an emergency declaration for which the defined emergency includes some or all of the property under development.

MODIFY EXTENSIONS OF CERTAIN GOVERNMENT APPROVALS AFFECTING THE DEVELOPMENT OF REAL PROPERTY IN THE AREA AFFECTED BY HELENE

Current law tolls the expiration of certain development approvals issued in certain areas impacted by Hurricane Helene. Development approvals included for purposes of the provision include:

- Any detailed statement by a State agency under G.S. 113A-4.
- Any detailed statement submitted by a special purpose unit of government or a private developer of a major development project under G.S. 113A-8.
- Any finding of no significant impact prepared by a State agency under Article 1 of Chapter 113A of the General Statutes.
- Any approval of an erosion and sedimentation control plan granted by a local government or by the North Carolina Sedimentation Control Commission under Article 4 of Chapter 113A of the General Statutes.
- Any water or wastewater permit issued under Article 10 or Article 11 of Chapter 130A of the General Statutes.
- Any building permit issued under Article 9 of Chapter 143 of the General Statutes.
- Any nondischarge or extension permit issued under Part 1 of Article 21 of Chapter 143 of the General Statutes.
- Any stream origination certifications issued under Article 21 of Chapter 143 of the General Statutes.
- Any water quality certification issued under Article 21 of Chapter 143 of the General Statutes.
- Any air quality permit issued by the Environmental Management Commission under Article 21B of Chapter 143 of the General Statutes.
- Any approval by a local government of sketch plans, preliminary plats, plats regarding a subdivision of land, a site specific development plan or a phased development plan, a development permit, a development agreement, or a building permit under Chapter 160D of the General Statutes.
- Any certificate of appropriateness issued by a preservation commission of a local government under Part 4 of Article 9 of Chapter 160D of the General Statutes.

However, a local government may revoke or modify a development approval automatically extended if, due to changed site conditions resulting from Hurricane Helene or subsequent related natural disasters, the local government determines that it would not issue the permit under current site conditions based on

a determination that the site no longer meets applicable State or federal safety, environmental, or engineering standards, or that the extension of the approval would present a material risk to life, health, or property.

STATUTORY SAFEGUARDS FOR HOA GOVERNANCE

Section 20 would make the following changes to laws governing **powers of owners' associations** in condominiums and planned communities:

- Authorize associations to impose a reasonable charge for providing copies of records requested by an owner, not to exceed the actual cost of photocopying the records.
- In exercising any authority granted under the declaration to approve or disapprove an owner's proposed property change, associations would be required to:
  - Provide a fair, reasonable and expeditious procedure for making the decision.
  - Issue a written decision no later than 90 days after the proposal is submitted.
  - Include in any disapproval decision an explanation of the reasons for the disapproval and how the owner can request reconsideration by the executive board.

Section 20.1 would make changes to laws governing **association fines.**

Under current law, unless a specific procedure for imposing fines or suspending community privileges or services is provided for in the declaration, a hearing must be held before the executive board or a panel it has appointed to determine if an owner should be fined or have privileges or services suspended for violations of the declaration, bylaws, and rules and regulations of the association. The owner charged with the violation must be given notice of the charge, opportunity to be heard and present evidence, and notice of the decision. A fine of up to $100 may be imposed for a violation, for each day more than five days after the decision that the violation occurs.

Sections 20.1 would amend the relevant statutory sections to require an owner to receive at least 10 days' written notice of a hearing to determine whether a fine should be imposed for an alleged violation, would require the notice to specify the action, if any, required to cure the alleged violation, and would require that the owner receive the names of persons whose testimony the association plans to offer and a copy of any documents, photographs, or other it plans to offer at the hearing. In addition, the total amount of all daily fines imposed for a continuing violation would be capped at $2,500.

Section 20.2 would make changes to laws governing **association liens.**

Under current law, any assessment that is at least 30 days delinquent constitutes a lien on the member's property upon the filing of a claim of lien with the clerk's office in the county where the property is located. Once filed, the claim of lien secures all sums due at the time of filing as well as any sums becoming due thereafter. Unless the declaration provides otherwise, the claim of lien also secures all fees and other charges due and payable under the declaration, applicable law, or as the result of an arbitration, mediation, or judicial decision.

An association must make reasonable efforts to ensure that its records have the current mailing address of the property owner. No less than 15 days before filing the lien, the association must mail a statement of the assessment amount due by first class mail to the physical address of the unit or lot and the owner's address of record with the association and, if different, to the address on the county tax records. If the

owner is a corporation or limited liability company, the statement must also be sent by first class mail to the mailing address of the registered agent for the corporation or limited liability company.

An association may foreclose a claim of lien in the same manner as a mortgage or deed of trust on real estate under a power of sale, provided that the assessment has remained unpaid for at least 90 days. For a claim of lien securing a debt consisting solely of unpaid fines, interest on unpaid fines, or attorneys' fees incurred solely associated with fines imposed by the association, may only be enforced by judicial foreclosure.

Associations are entitled to recover the reasonable attorneys' fees and costs incurred in connection with the collection of any sums due.

Sections 20.2 would amend the relevant statutory sections to make the following changes:

- The association would be required to make reasonable efforts to ensure it has the current email address of the owner and to provide proper notice of delinquent assessments to the owner before filing a claim of lien, to include sending a statement of the assessment due and a copy of any filed claim of lien and its certificate of service via electronic email if the owner has designated an email address as provided for in the Nonprofit Corporation Act.
- If an association's lien secures a debt consisting solely of fines or related interest or attorneys' fees, these sections would remove the association's current authority to enforce the lien through judicial foreclosure. To enforce such a lien, the association would be required to:
    - File the claim of lien within 90 days after the date the fine was imposed and separately from any claim of lien securing other sums owed.
    - Commence a civil action seeking a judgment within one year after the filing of the claim of lien.
- An association would be permitted to use judicial foreclosure only to enforce a lien securing a debt other than unpaid fines and related interest and attorneys' fees.
- Require an association to file a civil action seeking a judgment to enforce a lien consisting of sums due for fines or fine-related charges.
- Provide that the court may, in the court's discretion, allow associations to recover the reasonable attorneys' fees and costs incurred in collecting any sums due.

Section 20.3 would make changes to laws governing **association records and contracts** to provide that an owner is entitled to inspect and copy, at a reasonable time and location, any contract entered into by the association subject to certain required procedures.

ALLOW PRIVATE SWIM LESSONS IN PRIVATE POOLS

S.L. 2025-94 rewrites a 2024 exemption for private swimming pools serving a single-family dwelling used only by residents and their guests to apply regardless of whether the guests gain use of the private pool through a sharing economy platform or pay a fee. In cases where a fee is exchanged for pool access, the private pool must be "maintained in good and safe working order." S.L. 2025-94 also prohibited local health departments from regulating these exempted private pools.

Section 21 would expand that exemption to also apply to persons providing private swim instruction, regardless of whether the swim instructor gain use of the private pool through a sharing economy platform or otherwise pay a fee. This section would also prohibit local health departments from adopting rules regulating any recreational or instructional use of these exempted private pools.

ATV RIDER RESTRICTION MODIFICATION

Current law prohibits any parent or legal guardian of a person less than 16 years of age to knowingly permit that person to operate an all-terrain vehicle in violation of the Age Restriction Warning Label affixed by the manufacturer as required by the applicable American National Standards Institute/Specialty Vehicle Institute of America (ANSI/SVIA) design standard.

Section 22 would create an exception to this prohibition if the person under 16 years of age meets certain rider fit requirements.

PLUMBING BOARD FEE CAP CLARIFICATION

Current law caps annual license fees at one hundred fifty dollars ($150.00) for persons, firms, or corporations engaged in the business of either plumbing or heating contracting, or both. Further, the initial application fee for fire sprinkler contracting is capped at seventy-five dollars ($75.00) and an annual license fee capped at three hundred dollars ($300.00). If a person, firm or corporation that is required to renew, fails to do so in January of each year, the Board must increase the license fee by twenty-five dollars ($25.00).

Section 23 would clarify that the Board cannot charge any fee or payment associated with licensing except for those expressly authorized by statute.

EXTEND ANNUAL REPORTING REQUIREMENTS FOR BUSINESS ENTITIES OWNED BY DEPLOYED MEMBERS OF THE ARMED FORCES

Sections 24, 25, and 26 would amend Chapter 55 (Business Corporation Act), Chapter 57D (Limited Liability Company Act), and Article 3B (Registered Limited Liability Partnerships) of Chapter 59 (Partnerships) of the General Statutes, respectively, to provide as follows:

- For purposes of these provisions, "Armed Forces" would mean the United States Air Force, Army, Coast Guard, Marine Corps, Navy, or Space Force, or any reserve component of the foregoing, and "deployed member" would mean a member of the Armed Forces who is removed from his or her county of residence under an official order for a deployment period ending on or after the ninetieth day preceding the due date of the entity's annual report.
- If more than 50% of the ownership interest of a business entity is owned by one or more deployed members of the Armed Forces, the due date for its next annual report would be 90 business days after the end of the deployment period for LLPs and corporations or by April 15 of the year immediately following the end of the deployment period for LLCs. If the deployment is extended, the due date would be 180 days after the end date of the extended deployment for all entities.
- Prior to the start of the deployment, the business entity would be required to file an affidavit of deployment by the deployed member with the Secretary of State containing the following information:
    - The full name of the deployed member.
    - The business entity's name and the jurisdiction in which it was organized.
    - The deployed member's current percentage ownership interest in the entity.

  - The start and end dates of the deployment.
  - A statement either certifying that no information contained in the most recently filed annual report has changed or setting forth the updated information.

- If the deployment is extended beyond the end date stated in the affidavit of deployment, the business entity would be required to file an affidavit of extended deployment by an authorized representative with the Secretary of State containing the following information:
  - The affiant's title or position in the business entity.
  - The full name of the deployed member.
  - The business entity's name and the jurisdiction in which it was organized.
  - The deployed member's current percentage ownership interest in the entity.
  - The end date of the extended deployment.
  - A statement either certifying that no information contained in the most recently filed annual report has changed or setting forth the updated information.
- For a business entity subject to these provisions, the grounds for administrative dissolution would apply only if the period of delinquency is at least 180 days past the end of the deployment period stated in the affidavit of deployment filed with the Secretary of State.
- Filing fees would be waived for filing the required affidavit of deployment and affidavit of extended deployment.

Section 27 would exempt from disclosure under the public records laws any information contained in an affidavit of deployment or affidavit of extended deployment filed with the Secretary of State.

Section 28 would direct the Secretary of State to make available any forms needed for the affidavit of deployment or affidavit of extended deployment and to take any other action necessary to allow business entities to begin filing pursuant to this act on October 1, 2026.

Sections 24–28 would become effective October 1, 2026.

EFFECTIVE DATE: Except as otherwise provided, this act would be effective when it becomes law.