SENATE BILL 445:
Regulatory Reform Act of 2026.

2025-2026 General Assembly

Committee:	House Rules, Calendar, and Operations of the House	**Date:**	June 2, 2026
Introduced by:	Sen. Jarvis	**Prepared by:**	Kyle Evans Jennifer McGinnis Chris Saunders Julianna Fedorich Staff Attorney
Analysis of:	Fourth Edition		

OVERVIEW: Senate Bill 445 would amend State laws related to environment and natural resources, education, business and development, and justice and public safety.

CURRENT LAW & BILL ANALYSIS:

PART I. ENVIRONMENT AND NATURAL RESOURCES REFORMS

REPEAL 2023 FISHERIES HARVEST REPORTING REQUIREMENT

Section 6 of S.L. 2023-137 created a phased-in mandatory fisheries harvest reporting requirement for commercial and recreational landings of certain fish species. S.L. 2024-45 delayed the implementation of this requirement by a year. Currently, a violation of this reporting requirement results in a verbal warning. The punishment for violation will increase to a warning ticket on December 1, 2026, and to a $35 infraction on December 1, 2027.

Section 1 would repeal the fisheries reporting requirement, and associated violations, created by S.L. 2023-137.

MOVE ARBOR WEEK FROM MARCH TO NOVEMBER

Section 3 would move Arbor Week from the week in March containing March 15 to the week in November containing November 15.

INCREASE CIVIL PENALTY FOR WATER THEFT

Current law prohibits any person from willfully making any connection with, interfering with, or turning on or off the gas mains, water pipes, services pipes, or wires of another without the person's written permission. Any person who is found in a civil action to have violated this prohibition is liable to the utility supplier in triple the amount of losses and damages or five thousand dollars ($5,000), whichever is greater.

Section 4 would increase the liability cap to triple the amount of losses and damages or ten thousand dollars ($10,000), whichever is greater, plus attorneys' fees.

This section would become effective December 1, 2026, and would apply to offenses committed on or after that date.

ALLOW LIQUEFIED PETROLEUM GAS REFILLS DURING EMERGENCIES

Current law prohibits any person other than the supplier or owner of a liquefied petroleum (LP) gas tank or system from disconnecting, interrupting, or filling the system without the supplier's consent. Violation of this prohibition is punishable by a Class 1 misdemeanor, and civil penalties ranging from $300 to $1000 based on the number of violations.

Section 5 would create a limited exception to this prohibition, allowing a licensed LP gas dealer other than the owner or supplier of an LP gas tank or system (the "emergency supplier") to refill a customer's LP gas tank during qualifying emergencies. During a qualifying emergency, the emergency supplier may fill or refill the system's tanks with LP gas provided the following conditions are met:

- The consumer has less than a 20% supply of LP gas remaining in their tank used as the primary fuel for heating or cooking.
- The consumer tries to procure delivery of LP gas from the current supplier or owner, and the current supplier or owner is unable to provide a refill within three business days of that request.
- The emergency supplier makes a good-faith effort to contact and obtain consent from the current supplier to conduct the emergency refill before attempting to do so.
- The emergency supplier attaches a temporary tag to the tank providing information about the emergency supplier and the service provided.
- The emergency provider supplies no more than 20% of the tank's capacity in LP gas as part of the emergency refill.
- The emergency supplier notifies the current supplier or owner of the service and, within five days, provides written documentation of the service provided.

For the purposes of this exception, a "qualifying emergency" would be any of the following:

- A state of emergency as declared by the Governor, General Assembly, or the governing body of a municipality or county pursuant to Chapter 166A, Article 1A.
- A state of emergency declared by the President of the United States.
- When severe weather or similar circumstances exist that may result in a person being placed in imminent danger of death or injury due to lack of heat cause by a lack of liquified petroleum gas.
- When a waiver from delivery limitations affecting the delivery of liquified petroleum gas has been lawfully ordered.

This section would also create a *de minimis* exception for tanks or containers with a capacity less than 5 gallons, require a tag, label, or other marking attached to the tank or container to include the name of the tank or container owner, require a leak test when a new supplier takes over regular service for filling the tank or container, increase the penalty for failing to attached the required tag, failing to conduct the leak test, or violating the prohibition on unlawful filling, to a Class A1 misdemeanor, and increase the civil penalties to a range of $1000 to $3000, based on number of violations, and provide limited liability protections for emergency suppliers acting pursuant to the qualifying emergency refill exception.

This section would also provide that the Department of Agriculture and Consumer Services (DACS) shall only issue warnings for the failure of a supplier to either attach the required tag, label, or other marking to the tank or container that includes the owner's name or conduct a leak test.

This section would become effective December 1, 2026, and would apply to offenses committed on or after that date. The authority to issue warnings for violations would expire December 1, 2027.

TIME LIMIT FOR DETERMINING NONCOMMERCIAL UST DISCHARGE RISK AND REQUIRING FURTHER REMEDIATION FOR CERTAIN LOW-RISK DISCHARGES

Owners of commercial and noncommercial[1] underground storage tanks (USTs) are required to submit information necessary to determine the degree of risk to human health and the environment that is posed by a discharge or release from a petroleum UST. If the Environmental Management Commission (Commission) concludes that a discharge or release poses a degree of risk to human health or the environment that is no greater than the acceptable level of risk established by the Commission, the Commission must notify an owner, operator, or landowner who provides such information that no cleanup, further cleanup, or further action will be required unless the Commission later determines that the discharge or release poses an unacceptable level of risk or a potentially unacceptable level of risk to human health or the environment. If the Commission concludes that a discharge or release poses a degree of risk to human health or the environment that requires further cleanup, the Commission must notify the owner, operator, or landowner who provides such information of the cleanup method approved by the Commission as the most cost-effective cleanup method for the site. Currently there is no time frame under which the Commission must make such determinations and notifications.

Section 6 would provide that **for noncommercial tanks** where the Commission has received the required information from the owner, operator, or landowner, the Commission must, within five years of receipt of such information: (i) determine the level of risk of the discharge, and cleanup or other measures to be required; and (ii) notify the owner, operator, or landowner of that determination. **For a discharge determined to be low-risk[2] from a noncommercial tank**, if the Commission fails to notify the owner, operator, or landowner in the required timeframe, the Commission would be prohibited from requiring cleanup, further cleanup, or further action, including filing of a Notice of Residual Petroleum, unless the Commission later determines that the discharge or release poses an unacceptable level of risk or a potentially unacceptable level of risk to human health or the environment in which case the Commission must produce written findings of fact sufficient to demonstrate an unacceptable level of risk, or a potentially unacceptable level of risk.

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[1] Noncommercial tanks include:

- Farm or residential USTs of 1,100 gallons or less capacity used for storing motor fuel for noncommercial purposes.
- USTs of 1,100 gallons or less capacity used for storing heating oil for consumptive use on the premises where stored.
- USTs of more than 1,100 gallon capacity used for storing heating oil for consumptive use on the premises where stored by four or fewer households.

[2] "Low risk" means that:
(a) the risk posed does not fall within the high risk category for any underground storage tank, or within the intermediate risk category for a commercial underground storage tank; or
(b) based on review of site-specific information, limited assessment, or interim corrective actions, the discharge or release poses no significant risk to human health or the environment.
If the criteria for more than one risk category applies, the discharge or release shall be classified at the highest risk level identified in Rule .0407 of this Section.
15A N.C. Admin. Code 02L .0406 - DISCHARGE OR RELEASE CLASSIFICATIONS

This section would be effective when it becomes law, and apply to discharges occurring before, on, or after that date as follows: (i) for discharges from noncommercial tanks occurring five or more years prior to the effective date of this section for which the Commission has not previously notified an owner, operator, or landowner of its determination as to the level of risk of the discharge, and actions required in response to the discharge, the Commission shall have one year from the effective date of this act to notify the owner, operator, or landowner accordingly; and (ii) for all other discharges occurring before the effective date of this act for which the Commission has not previously notified an owner, operator, or landowner of its determination as to the level of risk of the discharge, and actions required in response to the discharge, the Commission shall have five years from the effective date of this act to notify the owner, operator, or landowner accordingly.

PART II. EDUCATION REFORMS

ALLOW STUDENTS TO COMPLETE SURVEYS ASSOCIATED WITH NATIONALLY NORM-REFERENCED COLLEGE ADMISSIONS TESTS

G.S. 115C-76.65 generally prohibits students from being able to complete protected information surveys without prior parental consent. G.S. 115C-174.11(c)(4) requires the State Board of Education (State Board) to adopt a nationally norm-referenced college admissions test to be administered to all students in the 11th grade. Currently, the State Board has adopted the ACT.

Section 7 would require the State Board and public school units to allow students to complete any surveys offered as part of the nationally norm-referenced college admissions test adopted by the State Board. Parents and students would have the ability to opt-out of the surveys.

This section would be effective when it becomes law and would apply to administrations of nationally norm-referenced tests beginning with the 2026-2027 school year.

EXPAND ALLOWABLE USE OF PESA SCHOLARSHIP

The State Education Assistance Authority (SEAA) administers the Personal Education Savings Account for Children with Disabilities Program (PESA), which provides scholarship funds to students with disabilities enrolled in nonpublic schools to use for qualifying education expenses, including educational therapies from a licensed or accredited practitioner or provider.

Section 8 would include education-related support services provided by a one-to-one classroom aide who holds at least a high school diploma as a qualifying education expense when the student's nonpublic school submits documentation to SEAA describing the education-related support services needed each semester. A parent would be prohibited from using these scholarship funds for a one-to-one classroom aide who is (i) an immediate relative of the student or (ii) an employee or independent contractor of the student's nonpublic school.

This section would be effective when it becomes law and would apply beginning with the 2026-2027 school year.

REMOVE DEADLINE FOR EDUCATOR PREPARATION PROGRAM RULE ADOPTION

Article 17D of Chapter 115C of the General Statutes requires the State Board of Education (State Board) to adopt rules related to educator preparation programs (EPPs), including approval standards,

accountability measures, and sanctions for EPPs not meeting expectations. Additionally, the General Assembly enacted the following implementation timelines:

- Section 7(b) of S.L. 2017-189 required EPP rules to be adopted by February 1, 2018.
- Section 7(f) of S.L. 2017-189 prohibited EPPs from receiving any sanction status prior to the 2021-2022 school year.
- Section 4 of S.L. 2019-149 required further accountability rules to be adopted by October 1, 2019.

Section 9 would remove the deadlines by which the State Board should have adopted rules related to EPPs. Additionally, it would require the State Board, in consultation with other stakeholders, to report to the Joint Legislative Education Oversight Committee by October 15, 2026, on recommendations for an EPP accountability model.

NEEDS-BASED PUBLIC SCHOOL CAPITAL FUND PRIORITIZATION CHANGE

Generally, county boards of commissioners are responsible for the capital projects of the local school administrative units that are located within the county. Some counties contain multiple local school administrative units.

Pursuant to G.S. 115C-546.10, the Department of Public Instruction (DPI) is responsible for awarding State grant funds from the Needs Based Public School Capital Fund (NBPSCF) to assist with a county's critical public school capital needs. These funds are awarded to counties; however, grants are typically for a specific project. When awarding NBPSCF grants, DPI must give priority to projects in counties that have not received a NBPSCF grant in the previous three years. Projects for a county that has received a NBPSCF grant in the previous three years do not receive priority – even if the project is for a different local school administrative unit located within the county.

Section 9.5 would extend priority for NBPSCF grants to projects for a local school administrative unit that has not received NBPSCF grants from a county in the previous three years, regardless of whether another local school administrative unit has received an NBPSCF grant within the preceding three years.

PART III. BUSINESS AND DEVELOPMENT REFORMS

SITE-SPECIFIC VESTING PLAN CHANGES

Current law provides that a vested right for a site-specific development plan is vested for two years. A local government may provide for site-specific development plan vesting for up to five years.

A vested right precludes any zoning action by a local government which would change, alter, impair, prevent, diminish, or otherwise delay the development or use of the property as set forth in an approved site-specific vesting plan.

Section 10 would provide that a vested right for a site-specific development remains vested for five years and that a local government could provide for site-specific development plan vesting for up to eight years. This section would also provide that a vested right precludes all subsequent land development regulations that would impair or delay the development or use of the property as set forth in an approved site-specific vesting plan, rather than only zoning actions. An approved site-specific development plan would, however, still be required to comply with applicable building fire, plumbing, electrical, and mechanical codes in effect at the time of approval.

This section would be effective when it becomes law and would apply to permit applications filed and appeals filed on or after that date.

EXPAND ALTERNATE INSPECTION METHOD FOR COMPONENTS OR ELEMENTS TO INCLUDE HOME POWER INSTALLATIONS

G.S. 160D-1106 provides that a local government must accept certain components or elements in the construction of a building from a licensed architect or engineer, provided that the licensed professional seals the submitted design or proposal, conducts a field inspection of the installation of the component or element, and the certifies to the local government that the installation of the component or element complies with the North Carolina State Building Code.

Section 10.5 would expand this authority to require local governments to accept home power installations designed, inspected, and certified by licensed architects or engineers. This section would also extend that authority to include wiring of home power installations, conducted in accordance with G.S. 106D-1106. This section would define "home power installations" as an electric generating or energy storage system, standby system, or associated equipment, connected at 600 volts or less, intended to provide electrical power to a building or structure subject to the North Carolina Residential Code that requires a building permit or other approval.

The Residential Code Council would be required to develop a home power installation work certification and adopt or amend its rules to implement the provisions enacted by this section no later than July 1, 2027. This section would become effective July 1, 2027, except that the sections directing the Residential Code Council to develop the certification and adopt rules would become effective when the bill becomes law.

DEVELOPER CHOICE FOR PERFORMANCE GUARANTEES FOR DRIVEWAY AND ENCROACHMENT PROJECTS

Under current law, before granting a permit for a driveway or other highway encroachment, the Department of Transportation (DOT) may require the applicant to file a bond, payable to the State, in an amount deemed sufficient by DOT.

Section 11 would allow the applicant to provide other forms of performance guarantees, including an irrevocable letter of credit, parent guaranty, or other instrument that provides equivalent security to a surety bond or irrevocable letter of credit.

This section would be effective when it becomes law and would apply to permit applications filed on or after that date.

AUTHORIZE OPTIONAL DELEGATION OF ZONING APPROVALS TO WINSTON-SALEM PLANNING BOARD

Article 6 of Chapter 160D of the General Statutes provides the procedure for local governments to adopt and amend development regulations and zoning maps. For zoning map amendments, the role of the planning board is limited to review and comment on whether the proposed zoning map amendment is consistent with any comprehensive plan or other plan that is applicable and to provide written recommendations to the governing board. Final decisions on zoning map amendments are made by the governing board after a public hearing and adoption of a statement on whether the amendment is consistent with a comprehensive plan or land-use plan.

Section 12 would allow the City of Winston-Salem to adopt an ordinance to delegate the authority for rezoning of property to its planning board. The ordinance must contain a right of appeal and review by the governing board.

RESIDENTIAL RIGHT OF USE IN COMMERCIAL ZONING DISTRICTS

Section 13 would require that any local government zoning regulation allow the siting of residential buildings and structures, including single-family, two-family, and multifamily housing structures, on property being used for redevelopment in all areas zoned for non-agricultural commercial, business, or industrial use. The zoning regulation must allow a maximum height restriction of at least 60 feet. This residential right of use for redevelopment in commercial districts allowance would only apply to cities with a population of 50,000 or greater that are in counties with a population of 275,000 or greater.

ALLOW CONSTRUCTION AND SITING OF ACCESSORY DWELLING UNITS

Under current law, local governments are only required to consider temporary family health care structures as a permitted accessory use under local zoning regulations if they comply with certain conditions (less than 300 square feet, setback requirements from property lines, etc., see G.S. 160D-915).

Section 14 would require cities with a population of 50,000 or greater to allow at least one accessory dwelling unit (ADU) for each single-family detached dwelling in areas zoned for single-family residential use. An ADU would be defined as an attached or detached residential structure that is used in connection with or that is accessory to a primary single family detached dwelling located on the same parcel as the primary single-family detached dwelling and that has less total square footage than the primary single family detached dwelling. The ADU would have conform to the North Carolina Residential Code and could be built or sited concurrently with the primary dwelling, or after the primary dwelling has been constructed.

In the permitting of ADUs, local governments would be prohibited from:

- Denying use of the primary single family detached dwelling and the ADU for long term rentals by separate households.
- Requiring placement in a conditional zoning district.
- Establishing minimum parking requirements or other ADU parking restrictions.
- Prohibiting ADU connection to the primary dwelling unit's existing utilities, unless capacity is insufficient to serve both dwellings.
- Charging fees greater than those charged for single-family detached dwellings.
- Setting a maximum ADU size of less than 800 square feet.

The local government could require the ADU to:

- Meet a setback that is the lesser of either 10 feet or the setback required for lots in the same zoning classification.
- Be located to the side or rear of the primary single-family detached dwelling.
- Be smaller than the primary single-family detached dwelling.

The requirement to allow ADU's would not apply to any of the following:

- The validity or enforceability of private covenants or other contractual agreements among property owners related to dwelling type restrictions.
- Properties located in a historic preservation district.
- Properties designated as a National Historic Landmark by the United States Department of Interior
- An ADU that is not connected to water and sewer, well or septic.

A parcel with an ADU permitted for construction may not be subdivided such that the ADU would no longer be on the same parcel as the single-family detached dwelling.

These provisions would become effective October 1, 2026, and apply to applications for accessory dwelling unit permits submitted on or after that date. Local governments would be required to adopt development regulations to implement the section no later than January 1, 2027.

DE NOVO REVIEW OF AGENCY RULES

Section 15 would codify the North Carolina Supreme Court's holding in *Mitchell v. Univ. of N. Carolina Bd. of Governors*, 388 N.C. 341 (2025), that courts interpreting state administrative rules must freely substitute their judgment for that of the agency and employ de novo review. This section would also explicitly apply that holding to administrative law judges in the contested case process under the Administrative Procedure Act.

This section would be effective when it becomes law and would apply to actions pending or filed on or after that date.

PROHIBIT LOCAL GOVERNMENTS FROM REQUIRING EMPLOYERS TO BARGAIN WITH LABOR ORGANIZATIONS OR SET WAGES OR BENEFITS IN CONSULTATION WITH A LABOR ORGANIZATION OR SIMILAR ENTITY

Article 10 of Chapter 95 of the General Statutes, Declaration of Policy as to Labor Organizations, prohibits certain agreements or conditions on employment. In addition to prohibiting an employer from requiring a person to become a member of a labor organization, refrain from becoming a member of a labor organization, or pay dues to a labor organization as a condition of employment, the Article also makes illegal any agreement between an employer and a labor organization aimed to limit employment based on membership in the labor organization.

Section 16 would provide that a unit of local government could not withhold any license, permit, zoning approval, financial incentive, or any other type of assistance from an employer based on the refusal of the employer to negotiate or contract with a labor organization, except as required by State or federal law.

ORDINANCE EXEMPTION FOR CERTAIN NONCONFORMING ON-PREMISES SIGNS

Current law provides that a local government may require the removal of a lawfully erected on-premises advertising sign pursuant to local development regulations only if the local government compensates the owner for the removal. This law became effective July 9, 2024, but applies to any on-premises signs removed on or after October 1, 2021.

Section 17 would exempt from that requirement any lawfully adopted local government ordinances regulating on-premises signs that:

(i) included an amortization period of 10 or more years during which a nonconforming sign was allowed to remain in place before it was required to be either removed or brought into compliance; and
(ii) the date of compliance under the amortization period expired on or prior to July 1, 2024.

REDUCE CONTINUING EDUCATION HOURS FOR USED MOTOR VEHICLE DEALER LICENSE RENEWAL

Section 17.5 would reduce the continuing education hours requirement for a used motor vehicle dealer seeking license renewal from one six-hour course to one four-hour course.

PART IV. JUSTICE AND PUBLIC SAFETY REFORMS

ADD APPROVED FIREARM SAFETY AND TRAINING COURSE

To receive a permit to carry a concealed handgun in the State, an applicant must, among other requirements, successfully complete an approved firearms safety and training course. The North Carolina Criminal Justice Education and Training Standards Commission (Commission) prepares and publishes general guidelines for firearms safety and training courses. In addition to meeting those guidelines, a firearms safety and training course must be certified or sponsored by either (i) the Commission, (ii) the National Rifle Association (NRA), (iii) the United States Concealed Carry Association (USCCA) or (iv) a law enforcement agency, college, private or public institution or organization, or firearms training school, taught by instructors certified by the Commission, the NRA, or the USCCA.

Section 18 adds the North Carolina Concealed Carry Association (NCCCA) and U.S. LawShield to the list of organizations that may certify or sponsor firearms safety and training courses, and adds NCCCA- and U.S. LawShield–certified instructors to the list of instructors permitted for firearms safety and training courses offered by law enforcement agencies, colleges, private or public institutions or organizations, or firearms training schools.

This section would become effective July 1, 2026, and apply to permit applications submitted on or after that date.

CHANGE TO STATE BUREAU OF INVESTIGATION SUBPOENA AUTHORITY

Current law authorizes the Director of the State Bureau of Investigation (SBI) to issue subpoenas to a communications common carrier or electronic communications service to compel production of business records if the records are material to an active criminal investigation and disclose information concerning local or long-distance toll records or subscriber information.

Section 19 would detail the information a communications common carrier or electronic communications service provider is required to provide pursuant to an SBI-issued subpoena, including customer name, address, length of service, associated accounts, connection records, including times and durations, and other information. The subpoena could not request the contents of the communications. This section would also allow the SBI to disseminate the results of the subpoena to any federal, State, tribal, or local law enforcement agency acquired pursuant to this subpoena in furtherance of a criminal investigation. A communications common carrier or electronic communications service provider would be prohibited from giving notice of a subpoena to a subscriber or customer.

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

THIRD PARTY CRIMINAL HISTORY RECORD CHECK VENDORS FOR CERTAIN LOCAL GOVERNMENT CHECKS

G.S. 153A-94.2(b) and G.S. 160A-164.2(b), both enacted in S.L. 2025-16, require that a local government must subject an applicant who is offered any position that involves working with children to a criminal history record check performed by the State Bureau of Investigation (SBI) if the applicant.

Section 20 would authorize local governments to contract with third-party vendors to conduct the required criminal history record checks. Any contract entered pursuant to this authority would end on or before December 1, 2026. Third-party vendors would be required to comply with any restrictions or requirements set by law governing fingerprints and other information collected by SBI for a criminal record check, as required by G.S. 143B-1209.09.

INCREASE FINES FOR INTENTIONAL OR RECKLESS LITTERING

G.S. 14-399 sets forth the fines for intentional or reckless littering, as follows:

Litter Amount/Purpose	First Violation Fine	Subsequent Violation Fine
Less than 10 Pounds	$500–$1,000	$1,000–$3,000
10–500 Pounds	$1,000–$3,000	N/A/
More than 500 Pounds or for Commercial Purpose	$5,000+	N/A

Section 21 would increase the fines for intentional or reckless littering, as follows:

Litter Amount/Purpose	New First Violation Fine	New Subsequent Violation Fine
Less than 10 Pounds	$1,000–$3,000	$3,000–$5,000
10–500 Pounds	$5,000–$10,000	N/A/
More than 500 Pounds or for Commercial Purpose	$10,000-$15,000	N/A

This section would become effective December 1, 2026, and apply to offenses committed on or after that date.

PROHIBIT TELEPHONE SOLICITORS FROM MISREPRESENTING CALL ORIGINS

Telephone solicitors are currently prohibited from causing misleading information to be transmitted to anyone using caller ID, or otherwise block or misrepresent the origin of the telephone call.

Section 22 would expand that prohibition to provide that telephone solicitors cannot use any alteration to the origin of the telephone solicitation that displays on caller ID to give the perception that the call originated from any other telephone number than that of the telephone solicitor. Further, this section would prohibit telephone carriers from knowingly or intentionally transmitting, selling, or otherwise providing the numbers of telephone subscribers to any entity the telephone carrier knows will violate the restrictions

on telephone solicitation, has previously used telephone subscriber information to violate the restrictions on telephone solicitation, or has provided information to another entity that has violated the restrictions on telephone solicitation. A telephone subscriber who receives a telephone solicitation in violation of the expanded prohibition enacted by this section would be entitled to bring a civil action to recover $10,000 for each violation.

This section would become effective December 1, 2026, and would apply to phone calls placed on or after that date.

EFFECTIVE DATE: Except as otherwise provided, this act would become law when effective.

Brian Gwyn and Bryson Penley, Legislative Anaylsis Division, substantially contributed to this summary.