SENATE BILL 445:
Regulatory Reform Act of 2026.

2025-2026 General Assembly

Committee:		**Date:**	July 29, 2026
Introduced by:	Sen. Jarvis	**Prepared by:**	Kyle Evans Jennifer McGinnis Chris Saunders Julianna Fedorich Staff Attorneys
Analysis of:	Conference Committee Substitute (S445-CCSRI-4)		

OVERVIEW: The Conference Committee Substitute for Senate Bill 445 would make various changes to laws pertaining to business and administrative matters, justice and public safety, energy, environment, & natural resources, and land use and housing affordability.

CURRENT LAW & BILL ANALYSIS:

PART I. BUSINESS AND ADMINISTRATIVE REFORMS

DE NOVO REVIEW OF AGENCY RULES

Section 1 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.

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 2 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.

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 3 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.

FURTHER PROHIBIT PROPERTY RESTRICTIONS ON FLYING THE AMERICAN AND NORTH CAROLINA FLAG
Current law prohibits condominiums and homeowners associations (HOAs) from enforcing, by declaration or covenant, any restriction on the use of land that could be construed to regulate or prohibit the display of an American or North Carolina flag no larger than 4' x 6' displayed in accordance with the customs set forth in the federal Flag Code, unless the declaration or covenant includes specific terms clearly identifying that the restriction applies to American or North Carolina flags.

Section 4 would eliminate those exemptions and provide that in no circumstance could a condominium or HOA prohibit or regulate the display of an American or North Carolina flag no larger than 4' x 6', flown in accordance with the federal Flag Code.

CONFORM DEFINITION OF "MANUFACTURED HOME" WITH FEDERAL DEFINITION
Section 5 would, throughout the statutes, update the definition of "manufactured home" to conform to the federal definition of "manufactured home," found at 42 U.S.C. § 5402(6), and would incorporate future amendments to the federal definition.

42 U.S.C. § 5402(6) currently defines a "manufactured home" as "a structure, transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width or forty body feet or more in length, or, when erected on site, is three hundred twenty or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein…."

Section 301(a) of H.R. 6644, the federal 21st Century ROAD to Housing Act, which became law on July 11, 2026, amends the definition in 42 U.S.C. § 5402(6) by deleting the phrase "on a permanent chassis" and inserting "with or without a permanent chassis" and requires states to certify within a year of enactment that their laws treat manufactured homes without a chassis the same as one built on a chassis, and subject a manufactured home without a permanent chassis to the same State laws and regulations as a manufactured home built on a permanent chassis with respect to financing, title, insurance, manufacture, sale, taxes, transportation, and installation.

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 6 would expand those exceptions to allow temporary attachment of certain electrical components to existing, permanent receptacles for time-limited, permitted international wholesale trade show events in an exhibition hall, mercantile, or assembly occupancy space, so long as a valid electrical permit is obtained and the work is inspected and approved by the local electrical inspector prior to the show's opening.

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

EXEMPT CERTAIN INDIVIDUALS FROM BARBER AND COSMETIC ARTS LICENSING

Under current law, a person who is employed by a barbershop or cosmetic art shop whose duties are limited only to shampooing or blow drying of hair are exempt from licensure, provided they follow the sanitation rules of the respective boards.

Section 7 would expand the exemption to people employed outside of barbershops and cosmetic art shops, provided they follow the sanitation rules of the Board of Barber and Electrolysis Examiners.

CLARIFY EXEMPTION FOR STRETCHING SERVICES AT MASSAGE AND BODYWORK THERAPY ESTABLISHMENTS

Section 8 would define "stretching services" and clarify that a person who provides only stretching services, including a person who is employed by or contracts with a massage and bodywork therapy establishment, is not required to be licensed by the North Carolina Board of Massage and Bodywork Therapy.

LIMIT LOCAL GLAZING AND TRANSPARENCY REQUIREMENTS

Section 9 would prohibit local governments from adopting or enforcing a requirement for a commercial or mixed-use building to have glazing, transparency, windows, or other transparent or translucent facade materials in excess of thirty-five percent (35%) of its ground-floor facade area. For portions of a commercial or mixed-use building used primarily for non-storefront purposes, a local government could not adopt or enforce a glazing requirement that requires glazing or transparency to exceed twenty percent (20%) of the ground-floor facade area. This section would not apply in historic districts or where otherwise required by law.

This section would become effective October 1, 2026, and any development regulation that is inconsistent the provisions of this section, on or after that date would be void and unenforceable to the extent of the inconsistency. This section does not affect the validity of a development approval issued, or an application for a development approval submitted, before the effective date of this section.

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 (ATV) 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 10 would create an exception to this prohibition if the person under 16 years of age meets certain rider fit requirements, as determined by a certified ATV safety course instructor, and the person operating the ATV is under the direct supervision of the instructor while participating in the course or an adult after completing the course, and complies with all other applicable requirements, including helmet and eye protection requirements.

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 11 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.

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

Sections 12, 13, and 14 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 15 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 16 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 12-16 would become effective October 1, 2026.

PRIVATE ROAD AND BRIDGE PROGRAM MODIFICATION

The Private Road and Bridge Repair and Replacement Program (Program) was established in Part II-C of SL 2025-2 within the Department of Public Safety, Division of Emergency Management (NCEM), to assist with the repair and replacement of private roads and bridges damaged or destroyed by Hurricane Helene.

Section 17.5 would modify the Program to direct NCEM to develop a private bridge design standard within 60 days of this section becoming law. This section would further amend the Program to allow for qualified design-build delivery of certain low-cost private bridges in conjunction with a licensed general contractor and professional engineer.

This section would be retroactively effective July 1, 2026.

VOLUNTARY PORTABLE BENEFITS PLAN

For federal tax purposes, the IRS applies traditional common law rules to determine if a worker is an independent contractor or employee. Applying the common law rules requires an examination of the relationship between the worker and the hiring party. The IRS divides this evidence into three categories: behavioral control, financial control, and the relationship between the parties. There is no single determinative factor in evaluating whether a worker is an independent contractor or an employee.

For traditional W-2 employees, they may deduct health insurance premiums, retirement contributions, life insurance premiums, or disability insurance premiums from the wages or salary paid by their employer, reducing their taxable income. A more detailed list of exempt fringe benefits is linked here.

For independent contractors, the IRS considers them self-employed individuals, meaning they need to pay for benefits, such as health insurance, out-of-pocket to receive a tax deduction. These federal above-the-line deductions for the self-employed flow through to the State base.

Section 17.6 would authorize a person or entity who hires an independent contractor ("hiring party") to voluntarily contribute funds into a portable benefit account to be owned and used by the independent contractor to purchase a variety of benefits traditionally provided to employees, such as health insurance, life insurance, disability insurance, and retirement benefits.

The section would create a framework for the administration and use of portable benefit accounts, including defined terms, permitted uses of funds, and safeguards for the independent contractor while explicitly stating that the making of such contributions is not to be treated as evidence of an employer-employee relationship.

Affirmative Opt-In. – An independent contractor must affirmatively opt-in to receive contributions from a hiring party in an express written agreement that is clear, unambiguous, and prominently displayed either in a work contract or a separate invoice. The agreement must indicate that all contributions are voluntary, and that the independent contractor may opt out at any time.

Account Providers. – An account provider is a third-party custodian of the funds kept in a portable benefit account and is chosen by the independent contractor. A portable benefit account provider may be a bank, an investment management firm, a technology provider or program manager that offers services through a bank or investment management firm, or another person approved by the Commissioner of Labor. A hiring party may not serve as a portable benefit account provider for an independent contractor that it engages.

The new G.S. 66-532 would create various requirements for portable benefit account providers that are intended to serve as safeguards for an independent contractor, including:

- Requiring account providers to segregate funds in a portable benefit account from any assets held for the hiring party and from the account provider's own assets.
- Requiring clear and conspicuous disclosure of any fees associated with the administration of the account in writing, prior to the independent contractor opening an account with that provider.
- Maintenance of accurate records of all contributions, fees, earnings, and distributions for each portable benefit account and provide the independent contractor with an account statement, no less than quarterly.
- Administration of each account with the standard of care of a prudent administrator.
- Requiring portable benefit account providers to maintain financial assurance sufficient to protect account owners against loss from the account provider's negligence, fraud, or insolvency.

Use of Funds. – Contributions must be treated as compensation to the independent contractor, but the hiring party cannot induce or require an independent contractor to maintain an account with a specific account provider as a condition of receiving contributions.

A portable benefit account is, at all times, the sole property of the independent contractor who owns it. The independent contractor may, at any time and without penalty, beyond reasonable disclosed transfer costs, cease contributions, change the portable benefit plans purchased through the account, and transfer the account balance to another qualified portable benefit account provider.

Funds contributed to the account would only be permitted to be used for the following purposes:

- Health Savings Accounts.
- Flexibility Spending Accounts.
- Health Reimbursement Arrangements.
- Transportation/parking accounts.
- Health insurance.
- Healthcare sharing contributions.
- Healthcare subscriptions.
- Income replacement insurance.
- Disability insurance.
- Life insurance.
- Traditional Individual Retirement Accounts.
- Traditional 401(k).
- Traditional savings accounts.

Tax Implications. – The following tax implications would apply to portable benefit accounts:

- ***For the Hiring Party***
  While not specified in the text of the bill, to the extent contributions are treated as compensation, a hiring party may deduct contributions as a business expense under existing tax law.

- ***For the Independent Contractor***
  Section 2 would create an income tax deduction for independent contractors for contributions they receive in a portable benefit account to the extent the amount is included in the independent contractor's adjusted gross income. While an independent contractor who pays for these benefits out-of-pocket may qualify for a deduction under current federal law, which would flow through for State income tax purposes, some of the listed benefits are not deductible or excludible at the federal level.

  If the independent contractor used money from the account for purposes other than permitted use, **Section 3** would require the independent contractor to add that amount back to the independent contractor's adjusted gross income.

- ***Exemption from Withholding Requirement***
  Under current law, a hiring party is required to deduct and withhold 4% of compensation from a payee, if the hiring party pays more than $1,500 to the payee in a calendar year. For purposes of this requirement, a payee only includes a nonresident contractor, an ITIN contractor, a person who fails to provide a taxpayer identification number, or a person who fails to provide a valid taxpayer identification number.

  Section 4 would exempt a hiring party from having to make any withholdings for contributions to a portable benefit account for an independent contractor who meets the above definition of payee.

- ***Informational Return***
  Section 5 would allow the Secretary of Revenue to request information from a portable benefit provider, including a portable benefit account owner's name, tax identification number, records of contributions and distributions from any portable benefit account owned by an account owner, and

other information as deemed necessary for compliance purposes. The Secretary would not be permitted to request this information more than once in a calendar year.

Similar legislation regarding voluntary portable benefits has been enacted in other states, including Utah, Tennessee, Alabama, Wyoming, Idaho, Georgia, Kansas, and West Virginia.

This provision would become effective January 1, 2027, and apply to taxable years beginning on or after that date.

PART II. JUSTICE AND PUBLIC SAFETY REFORMS

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 18 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.

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 19 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 20 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.

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).

Section 21 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 or when the SBI request for proposal is awarded, whichever occurs later. 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.

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 23 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.

NO SCHOOLS NEAR GUN RANGES IN BRUNSWICK COUNTY

Section 24 would prohibit any new school building from being built within one mile, measured in a straight line from property line to property line, of any existing sport shooting range. This section would apply only in Brunswick County.

NUISANCE IMMUNITY FOR RURAL RECREATIONAL AND HERITAGE EVENTS
Section 25 would provide that a facility that regularly hosts or conducts rural recreational and heritage events, which include motorized and off-road vehicle competitions and horse and farm animal events, is not subject to nuisance or taking claims from surrounding property owners within three miles of the facility if the facility was lawfully established and had hosted at least one rural recreational and heritage event within the 24 months preceding the date the surrounding property owner bought the property or constructed a building on the property.

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

PART III. ENERGY, ENVIRONMENT, & NATURAL RESOURCES REFORMS

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 26 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 27 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. **<u>For a discharge determined to be low-risk[2] from a noncommercial tank</u>**, if the Commission fails to notify the owner,

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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:

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.

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.

RESTORE FEES FOR COMMERCIAL UNDERGROUND STORAGE TANKS AND NO QUADRENNIAL ADJUSTMENTS

Current law requires the Department of Environmental Quality (DEQ) to adjust the fees and rates imposed under certain statutes based on the Consumer Price Index during the prior four years, beginning July 1, 2025, and every four years after. Within 90 days after the end of the fiscal biennium, DEQ must consult with the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, make reports to the General Assembly, and publish those fees on its website.

Current law also requires the owner or operator of a commercial underground storage tank to pay the Secretary of DEQ (Secretary) an annual operating fee of $498.00 for each petroleum commercial underground storage tank which is deposited in the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund (Commercial Fund). The Commercial Fund is used to clean up certain discharges or releases of petroleum products from commercial underground storage tanks. If an owner or operator fails to pay the fee due within 30 days of its due date, the Secretary can charge an additional fee of $6.00 per day, per tank, up to the amount of the annual operating fee.

Section 28 would reduce the annual operating fee the Secretary can charge for each commercial petroleum underground storage tank to $420.00 and reduce the daily late penalty to $5.00. This section would also remove the quadrennial fee adjustment authority for commercial underground storage tanks.

This section would become effective October 1, 2026, and apply to any fees due on or after that date.

RECOGNITION OF COMBINED WASTEWATER CAPACITY

(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

Wastewater systems that discharge treated effluent to surface waters, or by spray irrigation, are permitted by the Department of Environmental Quality (DEQ). On-site wastewater systems, the effluent from which is designed not to discharge to the land surface or surface waters, including subsurface dispersal systems, are permitted under authority of the Department of Health and Human Services (DHHS). Some wastewater systems are comprised of both DEQ-permitted and DHHS-permitted components, and each component results in wastewater treatment capacity. The capacity of a system is used to determine whether additional sewer connections may be approved for the system.

Section 29(a) would require DEQ and DHHS to recognize combined treatment and disposal capacity for a wastewater facility where effluent is discharged, in whole or in part, through a DEQ permit and, in whole or in part, through a DHHS permit. Among other things, the section further provides:

- Each discharge or disposal remain subject to the substantive permitting authority, standards, and rules of the department and commission with jurisdiction over that discharge or disposal.
- DEQ must issue permits, certificates of coverage, and authorizations for the extension of a sewer system to such a facility on the basis of the combined permitted capacity of that facility (under both DEQ and DHHS permits).
- DEQ and DHHS must enter into a memorandum of agreement establishing procedures for the reciprocal recognition of capacity as required by the provision.

COMPLIANCE REVIEW REQUIRED FOR LARGE ON-SITE WASTEWATER SYSTEMS CONSTRUCTED PURSUANT TO ENGINEERED OPTION PERMIT

In 2015, the General Assembly authorized an engineered option permit (EOP) process for on-site wastewater systems, through which a licensed professional engineer may prepare signed and sealed drawings, specifications, plans, and reports for the design, construction, operation, and maintenance of such a system without requiring the oversight or approval of a local health department, or DHHS. Under the EOP:

- Prior to commencement of a project, an engineer (on behalf of the owner of the proposed system) must file a Notice of Intent to Construct (NOI) with the local health department. A NOI must also be filed with DHHS if the system will: (i) collect, treat, or dispose of industrial process wastewater, or (ii) treat greater than 3,000 gallons per day. The NOI must include, among other things, all of the following:
  - For the professional engineer, and certain other professionals involved in the project, proof of errors and omissions insurance coverage or other appropriate liability insurance.
  - A description of the facility the proposed site is to serve and any factors that would affect the wastewater load.
  - The type of proposed wastewater system and its location.
  - The design wastewater flow and characteristics.
  - Any proposed landscape, site, drainage, or soil modifications.
  - A soil evaluation that is conducted and signed and sealed by a either a licensed soil scientist or licensed geologist.
- The professional engineer designing the proposed wastewater system must use recognized principles and practices of engineering and applicable rules of the Commission in the calculations and design of the wastewater system.

- The professional engineer may, at the engineer's discretion, employ pretreatment technologies not yet approved in this State.
- A licensed on-site wastewater system contractor must be responsible for all aspects of the construction and installation of the wastewater system or components of the wastewater system, including adherence to the design, specifications, and any special inspections that are prepared, signed, and sealed by the professional engineer.
- The professional engineer designing the wastewater system must establish a written operations and management program based on the size and complexity of the wastewater system. The owner must enter into a contract with a certified water pollution control system operator for operation and maintenance of the wastewater system in accordance with rules adopted by the Commission.
- At the completion of a required post construction conference, the professional engineer must deliver to the owner signed, sealed, and dated copies of an engineer's report, which includes the following:
    - The evaluation of soil conditions and site features as prepared by either a licensed soil scientist or licensed geologist.
    - The drawings, specifications, plans, and reports of the wastewater system, including a signed statement of responsibility from the on-site wastewater system contractor, records of all special inspections, and a final inspection report.
    - The operator's management program manual that includes a copy of the contract with the certified water pollution control system.
    - Any reports and findings related to the design and installation of the wastewater system.
- The owner of the wastewater system must submit a copy of the professional engineer's report, as well as a copy of the operations and management program, among other things, to the local health department prior to receiving a Certificate of Occupancy from the appropriate inspection department. The engineer's report must also be submitted to DHHS if system will: (i) collect, treat, or dispose of industrial process wastewater, or (ii) treat greater than 3,000 gallons per day.
- DHHS, its authorized agents, or local health departments have no liability for wastewater systems designed, constructed, and installed pursuant to an EOP.

Section 29(b) would amend the statute governing the EOP for on-site wastewater systems to provide that subsurface wastewater dispersal systems receiving effluent with a design daily flow greater than or equal to 25,000 gallons per day proposed to be constructed require a review by DHHS to ensure compliance with all applicable laws and rules. The review may include all supporting engineering, modeling, operational, monitoring, soils, site, hydrogeologic, treatment, and disposal information, as determined by DHHS. Upon completion of a compliance review, if DHHS finds that the proposed system complies with all applicable requirements, it must issue written confirmation accordingly.

DHHS retains authority to inspect, investigate, review, require corrective action, modify, suspend, revoke, rescind, invalidate, or otherwise enforce any permit, approval, authorization, engineered option permit, or capacity determination as authorized by law.

Sections 29(a) and (b) would become effective October 31, 2026.

GUARANTEED ENERGY SAVINGS CONTRACTS
Section 30.(a) and 30.(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 30.(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.

Section 31 and 32 would make conforming changes to those recodifications in Section 30.(b).

Section 33 would require the Department of Environmental Quality to adopt temporary rules and permanent rules to implement these changes.

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 34 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 except 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.

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

EXEMPT CERTAIN COMPOST FACILITIES FROM FINANCIAL ASSURANCE REQUIREMENTS

Solid waste facility permit holders are required to provide financial assurance to demonstrate ability to pay the costs of assessment and remediation in the event of a release of pollutants from a facility, closure of the facility in accordance with all applicable requirements, and post-closure monitoring and maintenance of the facility. This requirement applies to composting facilities, which are categorized by Type based on the materials that the facility receives. Type 1 facilities may receive yard and garden waste, silvicultural waste, and untreated and unpainted wood waste. Type 2 facilities may receive pre-consumer meat-free food processing waste, vegetative agricultural waste, source separated paper, and other source separated specialty wastes that are low in pathogens and physical contaminants. Type 3 facilities may receive manures and other agricultural waste, meat, post-consumer source-separated food wastes, and other source-separated specialty wastes that are low in physical contaminants but may have high levels of pathogens. Type 4 facilities may receive industrial solid waste, non-solid waste sludges functioning as a nutrient source or other similar compostable organic wastes, or any combination thereof.

Section 35 would exempt Small or Large Type 1, and 2 compost facilities from having to meet financial assurance requirements.

This section would become effective December 1, 2026.

ALIGN STATUTORY REFERENCE WITH PRESIDENTIAL EXECUTIVE ORDER 14172

Presidential Executive Order (EO) 14172, issued January 20, 2025, directed the US Secretary of the Interior to, among other things, take all appropriate actions to rename as the "Gulf of America" the U.S. Continental Shelf area bounded on the northeast, north, and northwest by the States of Texas, Louisiana, Mississippi, Alabama and Florida and extending to the seaward boundary with Mexico and Cuba in the area formerly named as the Gulf of Mexico.

Section 36 would change a statutory reference to the "Gulf of Mexico" to the "Gulf of America," reflecting the Presidential EO.

MOVE ARBOR WEEK FROM MARCH TO NOVEMBER

Section 37 would move Arbor Week from the week in March containing March 15 to the week in November containing November 15.

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 regulates and authorizes the use of certain stormwater control measures by adopting Minimum Design Criteria (MDC) for those technologies.

Section 39 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 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 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.

H162 TECHNICAL CORRECTION

Section 2 of S.L. 2026-39 and Section 5.5. of S.L. 2026-32 are substantively identical provisions relating to stormwater calculations, but with conflicting technical statutory language.

Section 40 would repeal Section 2 of S.L. 2026-39, eliminating the statutory conflict.

PART IV. LAND USE AND HOUSING AFFORDABILITY 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 41 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, unless, in addition to existing exceptions, either of the following occurs:

- The local government determines that, due to a natural disaster, under current site conditions the site no longer meets applicable State or federal safety, environmental, or engineering standards, or that preclusion of the development regulation would present a material risk to life, health, or property.
- A floodplain ordinance adopted by the local government pursuant to the National Flood Insurance Program impacts use of the site.

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

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 42 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.

RESIDENTIAL RIGHT OF USE IN COMMERCIAL ZONING DISTRICTS

Section 43 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 80,000 or greater located in counties with a population of 1,000,000 or greater according to the most recent federal decennial census.

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 44 would require cities with a population of 50,000 or greater, not in the coastal area, 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 or greater than 1000 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 apply only to cities with a population of 50,000 or greater, that are not in the coastal area, as that term is defined in G.S. 113A-103.

These provisions would become effective January 15, 2027, 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 July 1, 2027.

IMPLEMENTATION OF CODE CHANGES FOR USE OF CERTAIN INSULATION IN WALLS

Section 45 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.

AMEND ENERGY RATING INDEX COMPLIANCE ALTERNATIVE

The Residential Provisions of the North Carolina Energy Conservation Code requires that a residential building comply with one of four alternatives to demonstrate energy efficiency, which includes as one of the alternatives complying with the Energy Rating Index calculation.

Section 46 would specify that the 2022 ANSI/RESNET/ICC Standard 301-2022 "Standard for the Calculation and Labeling of the Energy Performance Index of Dwelling and Sleeping Units." is the standard for calculating the Energy Rating Index.

PLUMBING LICENSE EXEMPTION FOR CERTAIN WATER AND SEWER-LINE CONNECTIONS SERVING MOBILE HOMES

Current law requires all people, firms, or corporations that engage in, or attempt to engage in, the business of plumbing, heating, or fire sprinkler contracting, or any combination thereof to obtain a license from the State Board of Examiners of Plumbing, Heating, and Fire Sprinkler Contractors, with limited exemptions.

Section 47 would exempt from the licensure requirement a person who installs or connects:

- A sanitary sewer line serving a manufactured home if all of the following conditions are met: (i) the line is 3 or 4 inches wide and is no longer than 10 feet, (ii) the line connects the home to an approved, existing system, (iii) the work does not include design, installation, repair, relocation, expansion, replacement, or alteration of the system or its components, (iv) the work is performed with materials that conform to the State Building Code and State law, and (v) the work remains subject to permitting and inspection requirements and is left uncovered until inspection and approval by the jurisdiction.
- A water line water line serving a manufactured home, as defined in G.S. 143 143.9(6), that does not exceed 100 linear feet between an existing water meter and point of connection at the manufactured home, if all of the following conditions are met: (i) the water line connects the manufactured home to an existing water line that has been approved by the local health department or other authority having jurisdiction; (ii) the work does not include the design, installation, repair, relocation, expansion, replacement, or alteration of an existing water line; (iii) the work is performed with materials that conform to the State Building Code and State law; and (iv) the work remains subject to permitting and inspection requirements and is left uncovered until inspection and approval by the jurisdiction.

AT-RISK BUILDING CHANGES

Current law allows an applicant for certain commercial or multifamily developments that meet certain requirements to begin building foundation construction pursuant to an "at-risk building foundation permit." This permit allows an applicant to begin construction of the foundation before a building permit has been issued and provides that the applicant bears all risks of liability, and the local government is discharged and released from any liabilities, duties, and responsibilities attributable to the review, approval, or construction pursuant to that at-risk permit.

Section 48 would expand the at-risk building foundation permit to also include any associated trade permit (i.e. plumbing, electrical) necessary to support the authorized foundation construction.

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

Section 49 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.

RESIDENTIAL CODE COUNCIL TEMPORARY RULEMAKING AUTHORITY

Section 50 would authorize the Residential Code Council to adopt temporary rules amending the 2018 and 2024 North Carolina Residential Code after the Residential Code Council is fully constituted.

This section would expire two years after the date the Residential Code Council is fully constituted.

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 51 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.

AUTHORITY FOR LANDLORDS OF MOBILE HOME PARKS SITED PRIOR TO 1989 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 52 would authorize a landlord of a leased mobile home located within a mobile home park sited prior to 1989, 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. In addition, use of 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 would be authorized for both leased premises that are contiguous dwellings built prior to 1989 and leased mobile homes located within a mobile home park sited prior to 1989.

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