

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2025**

**SESSION LAW 2026-51**  
**HOUSE BILL 372**

AN ACT TO PROVIDE THAT CITIES SHALL NOT PROHIBIT CERTAIN HOME-BASED BUSINESSES WITHIN THEIR JURISDICTIONAL LIMITS.

The General Assembly of North Carolina enacts:

**PART I. CITIES SHALL ALLOW CERTAIN HOME-BASED BUSINESSES WITHIN THEIR JURISDICTIONAL LIMITS**

**SECTION 1.** Article 8 of Chapter 160A of the General Statutes is amended by adding a new section to read:

**"§ 160A-205.8. No-impact home-based businesses.**

(a) A city shall not adopt an ordinance or other regulation prohibiting no-impact home-based businesses within its jurisdictional limits or require a person to apply, register, or obtain any permit, license, variance, or other type of approval to operate a no-impact home-based business within its jurisdictional limit. A city may impose reasonable regulations on no-impact home-based businesses if the regulations are narrowly tailored for any of the following purposes:

- (1) Ensuring the protection of public health and safety, as allowed by law.
- (2) Ensuring that the business activity meets all of the following:
  - a. Is compatible with the residential use of the property and surrounding residential use.
  - b. Is secondary to the use of the property as a residential dwelling.
  - c. Complies with State and federal law, including the payment of applicable taxes.
- (3) Prohibiting or limiting the use of no-impact home-based businesses for the purpose of selling illegal drugs, liquor, operating or maintaining a structured sober living home, pornography, obscenity, or nude or topless dancing or other adult-oriented businesses.

(b) A city shall not require as a condition of operating a no-impact home-based business that the owner or occupant of the property do the following:

- (1) Submit a petition for rezoning the property for commercial use.
- (2) Install or equip fire sprinklers in any building or structure subject to the North Carolina Residential Code.

(c) The provisions of this section shall not apply if the operation of a no-impact home-based business is prohibited by the terms of:

- (1) Any deed, covenant, or agreement restricting the use of the land.
- (2) Any master deed, bylaws, or other documents applicable to a homeowners association.

(d) The following definitions apply in this section:

- (1) Goods. – Any merchandise, equipment, products, supplies, or materials.
- (2) Home-based business. – Any business owned and operated by the owner or occupant of the residential dwelling that manufactures, provides, or sells goods or services.



- (3) No-impact home-based business. – A no-impact home-based business for which all of the following apply:
- a. The total number of on-site employees and clients do not exceed the city's occupancy limit for the residential property.
  - b. The business activities are characterized by all of the following:
    - 1. Are limited to the sale of lawful goods and services.
    - 2. Do not generate on-street parking or a substantial increase in traffic through the residential area.
    - 3. Occur inside or in the yard of the residential dwelling.
    - 4. Are not visible from the street.
    - 5. Do not store merchandise, equipment, products, supplies, or materials outside of the premises."

## **PART II. EFFECTIVE DATE**

**SECTION 2.** This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 1<sup>st</sup> day of July, 2026.

s/ Rachel Hunt  
President of the Senate

s/ Destin Hall  
Speaker of the House of Representatives

s/ Josh Stein  
Governor

Approved 9:49 a.m. this 7<sup>th</sup> day of July, 2026