# SENATE BILL 445
# RATIFIED BILL

AN ACT TO PROVIDE FURTHER REGULATORY RELIEF TO THE CITIZENS OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

## PART I. BUSINESS AND ADMINISTRATIVE REFORMS

### DE NOVO REVIEW OF AGENCY RULES

**SECTION 1.(a)** G.S. 150B-34 reads as rewritten:

"**§ 150B-34. Final decision or order.**

(a) In each contested case the administrative law judge shall make a final decision or order that contains findings of fact and conclusions of law. The administrative law judge shall decide the case based upon the preponderance of the ~~evidence, giving due regard to~~ evidence. The administrative law judge may be informed by the demonstrated knowledge and expertise of the agency with respect to facts and inferences within the specialized knowledge of the ~~agency.~~agency but shall apply traditional de novo review to the interpretation of State rules and regulations.

(b) Repealed by Session Laws 1991, c. 35, s. 6.

(c) Repealed by Session Laws 2011-398, s. 18. For effective date and applicability, see editor's note.

(d) Except for the exemptions contained in G.S. 150B-1, the provisions of this section regarding the decision of the administrative law judge shall apply only to agencies subject to Article 3 of this Chapter, notwithstanding any other provisions to the contrary relating to recommended decisions by administrative law judges.

(e) An administrative law judge may grant judgment on the pleadings, pursuant to a motion made in accordance with G.S. 1A-1, Rule 12(c), or summary judgment, pursuant to a motion made in accordance with G.S. 1A-1, Rule 56, that disposes of all issues in the contested case. Notwithstanding subsection (a) of this section, a decision granting a motion for judgment on the pleadings or summary judgment need not include findings of fact or conclusions of law, except as determined by the administrative law judge to be required or allowed by G.S. 1A-1, Rule 12(c), or Rule 56."

**SECTION 1.(b)** G.S. 150B-51 reads as rewritten:

"**§ 150B-51. Scope and standard of review.**

(a), (a1) Repealed by Sessions Laws, 2011-398, s. 27. For effective date and applicability, see editor's note.

(b) The court reviewing a final decision may affirm the decision or remand the case for further proceedings. It may also reverse or modify the decision if the substantial rights of the petitioners may have been prejudiced because the findings, inferences, conclusions, or decisions are:

(1) In violation of constitutional provisions;
(2) In excess of the statutory authority or jurisdiction of the agency or administrative law judge;

(3) Made upon unlawful procedure;
(4) Affected by other error of law;
(5) Unsupported by substantial evidence admissible under G.S. 150B-29(a), 150B-30, or 150B-31 in view of the entire record as submitted; or
(6) Arbitrary, capricious, or an abuse of discretion.

(c) In reviewing a final decision in a contested case, the court shall determine whether the petitioner is entitled to the relief sought in the petition based upon its review of the final decision and the official record. With regard to asserted errors pursuant to subdivisions (1) through (4) of subsection (b) of this section, the court shall conduct its review of the final decision using the de novo standard of review. With regard to asserted errors pursuant to subdivisions (5) and (6) of subsection (b) of this section, the court shall conduct its review of the final decision using the whole record standard of review. In conducting its review of the final decision, the court may be informed by the agency's interpretation of its own rules or regulations but shall apply traditional de novo review to the interpretation of State rules and regulations.

(d) In reviewing a final decision allowing judgment on the pleadings or summary judgment, the court may enter any order allowed by G.S. 1A-1, Rule 12(c) or Rule 56. If the order of the court does not fully adjudicate the case, the court shall remand the case to the administrative law judge for such further proceedings as are just."

**SECTION 1.(c)** This section is effective when it becomes law and applies to actions pending or filed on or after that date.

**ORDINANCE EXEMPTION FOR CERTAIN NONCONFORMING ON-PREMISES SIGNS**

**SECTION 2.** G.S. 160D-912.1 is amended by adding a new subsection to read:

"(e) This section shall not apply to an ordinance regulating on-premises advertising signs that was lawfully adopted by a local government, and (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 removed or brought into compliance with the current sign ordinance 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**

**SECTION 3.(a)** All of the following provisions are repealed:
(1) Section 7(b) of S.L. 2017-189.
(2) Section 7(f) of S.L. 2017-189.
(3) Section 4 of S.L. 2019-149.

**SECTION 3.(b)** By October 15, 2026, the State Board of Education, in consultation with the Department of Public Instruction, The University of North Carolina System Office, the Community Colleges System Office, and the North Carolina Independent Colleges and Universities, shall report to the Joint Legislative Education Oversight Committee on recommendations for an educator preparation program accountability model, including any necessary changes to State law that would be required to implement the accountability model.

**FURTHER PROHIBIT PROPERTY RESTRICTIONS ON FLYING THE AMERICAN AND NORTH CAROLINA FLAGS**

**SECTION 4.(a)** G.S. 47C-3-121 reads as rewritten:

"**§ 47C-3-121. American and State flags and political sign displays.**

Notwithstanding any provision in any declaration of covenants, no restriction on the use of land shall be construed to:
(1) Regulate or prohibit the display of the flag of the United States or North Carolina, of a size no greater than four feet by six feet, which is displayed in

accordance with or in a manner consistent with the patriotic customs set forth in 4 U.S.C. §§ 5-10, as amended, governing the display and use of the flag of the United ~~States unless:~~States.

~~a. For restrictions registered prior to October 1, 2005, the restriction specifically uses the following terms:~~

~~1. Flag of the United States of America;~~

~~2. American flag;~~

~~3. United States flag; or~~

~~4. North Carolina flag.~~

~~b. For restrictions registered on or after October 1, 2005, the restriction shall be written on the first page of the instrument or conveyance in print that is in boldface type, capital letters, and no smaller than the largest print used elsewhere in the instrument or conveyance. The restriction shall be construed to regulate or prohibit the display of the United States or North Carolina flag only if the restriction specifically states: "**THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF THE FLAG OF THE UNITED STATES OF AMERICA OR STATE OF NORTH CAROLINA"**.~~

This subdivision shall apply to owners of property who display the flag of the United States or North Carolina on property owned exclusively by them and does not apply to common areas, easements, rights-of-way, or other areas owned by others.

…."

**SECTION 4.(b)** G.S. 47F-3-121 reads as rewritten:

"**§ 47F-3-121. American and State flags and political sign displays.**

Notwithstanding any provision in any declaration of covenants, no restriction on the use of land shall be construed to:

(1) Regulate or prohibit the display of the flag of the United States or North Carolina, of a size no greater than four feet by six feet, which is displayed in accordance with or in a manner consistent with the patriotic customs set forth in 4 U.S.C. §§ 5-10, as amended, governing the display and use of the flag of the United ~~States unless:~~States.

~~a. For restrictions registered prior to October 1, 2005, the restriction specifically uses the following terms:~~

~~1. Flag of the United States of America;~~

~~2. American flag;~~

~~3. United States flag; or~~

~~4. North Carolina flag.~~

~~b. For restrictions registered on or after October 1, 2005, the restriction shall be written on the first page of the instrument or conveyance in print that is in boldface type, capital letters, and no smaller than the largest print used elsewhere in the instrument or conveyance. The restriction shall be construed to regulate or prohibit the display of the United States or North Carolina flag only if the restriction specifically states: **"THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF THE FLAG OF THE UNITED STATES OF AMERICA OR STATE OF NORTH CAROLINA"**.~~

This subdivision shall apply to owners of property who display the flag of the United States or North Carolina on property owned exclusively by them and does not apply to common areas, easements, rights-of-way, or other areas owned by others.

…."

**SECTION 4.(c)** This section is effective when it becomes law.

**CONFORM DEFINITION OF "MANUFACTURED HOME" WITH FEDERAL DEFINITION**

**SECTION 5.(a)** G.S. 25-9-102(53) reads as rewritten:

"(53) Manufactured home. – ~~A structure, transportable in one or more sections that satisfies all of the following requirements:~~

~~a. In the traveling mode, is eight body feet or more in width or 40 body feet or more in length, or, when erected on site, is 320 or more square feet.~~

~~b. 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.~~

~~c. Includes plumbing, heating, air-conditioning, and electrical systems.~~

~~The term includes any structure that meets all of the requirements of this subdivision except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the United States Secretary of Housing and Urban Development and complies with the standards established under Title 42 of the United States Code.~~As defined in 42 U.S.C. § 5402(6), as amended."

**SECTION 5.(b)** G.S. 143-143.9(6) reads as rewritten:

"(6) Manufactured home. – ~~A structure, transportable in one or more sections, which, in the traveling mode, is eight feet or more in width or is 40 feet or more in length, or when erected on site, is 320 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.~~As defined in 42 U.S.C. § 5402(6), as amended."

**SECTION 5.(c)** G.S. 143-145(7) reads as rewritten:

"(7) Manufactured home. – ~~A structure, transportable in one or more sections, which in the traveling mode is eight body feet or more in width, or 40 body feet or more in length, or, when erected on site, is 320 or more square feet; and which is built on a permanent chassis and designed to be used as a dwelling, with or without permanent foundation when connected to the required utilities, including the plumbing, heating, air conditioning and electrical systems contained therein. "Manufactured home" includes any structure that meets all of the requirements of this subsection except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the Secretary of HUD and complies with the standards established under the Act.~~ For manufactured homes built on or after June 15, 1976, as defined in 42 U.S.C. § 5402(6), as amended. For manufactured homes built before June 15, 1976, "manufactured home" means a portable manufactured housing unit designed for transportation on its own chassis and placement on a temporary or semipermanent foundation having a measurement of over 32 feet in length and over eight feet in width. "Manufactured home" also means a double-wide manufactured home, which is two or more portable manufactured housing units designed for transportation on their own chassis that connect on site for placement on a temporary or semipermanent foundation having a measurement of over 32 feet in length and over eight feet in width."

**SECTION 5.(d)** G.S. 20-58.4A(e) reads as rewritten:

"(e) Notwithstanding any requirement in this Chapter that a lien on a motor vehicle shall be noted on the face of the certificate of title, if there are one or more liens or encumbrances on the motor vehicle or ~~mobile~~ manufactured home, the Division may electronically transmit the lien to the first lienholder and notify the first lienholder of any additional liens. Subsequent lien satisfactions may be electronically transmitted to the Division and shall include the name and address of the person satisfying the lien."

**SECTION 5.(e)** G.S. 24-1.1E(a)(4) reads as rewritten:

"(4) A "high-cost home loan" means a loan other than a reverse mortgage transaction in which:

a. The principal amount of the loan (or, in the case of an open-end credit plan, the borrower's initial maximum credit limit) does not exceed the lesser of (i) the conforming loan size limit for a single-family dwelling as established from time to time by Fannie Mae, or (ii) three hundred thousand dollars ($300,000);

b. The borrower is a natural person;

c. The debt is incurred by the borrower primarily for personal, family, or household purposes;

d. The loan is secured by either (i) a security interest in a manufactured home (as defined in ~~G.S. 143-147(7) )~~ G.S. 143-145(7)) which is or will be occupied by the borrower as the borrower's principal dwelling, or (ii) a mortgage or deed of trust on real estate upon which there is located or there is to be located a structure or structures designed principally for occupancy of from one to four families which is or will be occupied by the borrower as the borrower's principal dwelling; and

e. The terms of the loan exceed one or more of the thresholds as defined in subdivision (6) of this section."

**SECTION 5.(f)** G.S. 47-20.6 is amended by adding a new subsection to read:

"(e) For purposes of this section, the term "manufactured home" is as defined in 42 U.S.C. § 5402(6), as amended."

**SECTION 5.(g)** G.S. 41-56(d) reads as rewritten:

"(d) When spouses become co-owners of a mobile home, in the absence of a contrary intention appearing in the instrument of title, the spouses become tenants by the entirety with all the incidents of an estate by the entirety in real property, including the right of survivorship in the case of death of either spouse. For the purposes of this subsection, it is immaterial whether the property at any particular time is classified for any purpose as either real or personal. Nothing in this subsection is deemed to limit or prohibit any other type of ownership otherwise authorized by law. For the purposes of this subsection, the term "mobile home" means ~~a~~ any of the following:

(1) A portable manufactured housing unit designed for transportation on its own chassis and placement on a temporary or semipermanent foundation having a measurement of over 32 feet in length and over eight feet in width.

(2) ~~As used in this subsection, the term "mobile home" also means a~~ A double-wide mobile home consisting of two or more portable manufactured housing units that are designed for transportation on their own chassis and are connected on site for placement on a temporary or semipermanent foundation having a measurement of over 32 feet in length and over eight feet in width.

(3) A "manufactured home" as defined in 42 U.S.C. § 5402(6), as amended."

**SECTION 5.(h)** G.S. 47H-1(5) reads as rewritten:

"(5) Property. – Either (i) real estate located in this State, upon which there is located or there is to be located a structure or structures designed principally for occupancy of from one to four families that is or will be occupied by the purchaser as the purchaser's principal dwelling, or (ii) a manufactured home, as that term is defined in ~~G.S. 143-149.9,~~ G.S. 143-143.9(6), that is located in this State and is or will be occupied by a purchaser as the purchaser's principal dwelling, if the purchase price is five thousand dollars ($5,000) or more."

**SECTION 5.(i)** G.S. 58-36-90(a)(6) reads as rewritten:

"(6) "Residential property" means real property with not more than four housing units located in this State, the contents thereof and valuable interest therein, and insurance coverage written in connection with the sale of that property. It also includes mobile homes, manufactured homes as defined in G.S. 143-143.9(6), modular homes, townhomes, condominiums, and insurance on contents of apartments and rental property used for residential purposes."

**SECTION 5.(j)** This section becomes effective October 1, 2026.

**TEMPORARY EVENT EXEMPTION FOR ELECTRIC WORK**

**SECTION 6.(a)** G.S. 87-43.1 is amended by adding a new subdivision to read:

"(12) To any person when that person is temporarily attaching listed single 3-prong (NEMA 5-15R or 5-20R) receptacles or power taps to existing temporary luminaires or lighting fixtures and plugging those luminaires or fixtures into existing permanent receptacles, only when all of the following apply:

a. The work is performed solely for a permitted international wholesale trade show in an exhibition hall, mercantile, or assembly occupancy space in this State.

b. A valid electrical permit is obtained from the local authority having jurisdiction prior to the work.

c. The work is inspected and approved by the local electrical inspector before the international wholesale trade show opens."

**SECTION 6.(b)** This section is effective when it becomes law and applies to permitted events occurring on or after that date.

**EXEMPT CERTAIN INDIVIDUALS FROM BARBER AND COSMETIC ARTS LICENSING**

**SECTION 7.(a)** G.S. 86B-32 reads as rewritten:

"**§ 86B-32. Persons exempt from the provisions of this Article.**

The following persons are exempt from the provisions of this Article while engaged in the proper discharge of their duties:

(1) Persons authorized under the laws of the State to practice medicine and surgery, and those working under their supervision.

(2) Commissioned medical or surgical officers of the United States Army or other components of the Armed Forces of the United States, and those working under their supervision.

(3) Registered nurses and licensed practical nurses and those working under their supervision.

(4) Licensed embalmers and funeral directors and those working under their supervision.

(5) Persons who are working in licensed cosmetic shops or beauty schools and are licensed by the State Board of Cosmetic Art Examiners pursuant to Chapter 88B of the General Statutes.

(6) Persons who are working in barbershops and are licensed by the State Board of Cosmetic Art Examiners pursuant to Chapter 88B of the General Statutes, provided that those persons shall comply with G.S. 86B-31.

(7) Inmates under the jurisdiction of the North Carolina Department of Adult Correction.

(8) Persons ~~who are employed by barbershops and~~ whose duties are expressly confined to the shampooing or blow drying of hair, provided that the person shall comply with G.S. 86B-31."

**SECTION 7.(b)** G.S. 88B-25 reads as rewritten:

"**§ 88B-25. Exemptions.**

The following persons are exempt from the provisions of this Chapter while engaged in the proper discharge of their professional duties:

(1) Undertakers and funeral establishments licensed under G.S. 90-210.25.

(2) Persons authorized to practice medicine or surgery under Chapter 90 of the General Statutes.

(3) Nurses licensed under Chapter 90 of the General Statutes.

(4) Commissioned medical or surgical officers of the United States Army, Air Force, Navy, Marine Corps, Space Force, or Coast Guard.

(5) A person ~~employed in a cosmetic art shop~~ whose duties are expressly confined to the shampooing or blow drying of hair, provided that the person shall comply with ~~rules adopted by the Board relating to sanitary management of cosmetic art shops.~~G.S. 86B-31."

**CLARIFY EXEMPTION FOR STRETCHING SERVICES AT MASSAGE AND BODYWORK THERAPY ESTABLISHMENTS**

**SECTION 8.(a)** G.S. 90-622 reads as rewritten:

"**§ 90-622. Definitions.**

The following definitions apply in this Article:

…

(1a) Active stretching. – The provision by a practitioner of resistance or guidance while a client engages the client's own muscles to move a part of the client's body through a range of motion.

(1b) Active-assisted stretching. – A combination of passive stretching and active stretching.

~~(1a)~~(1c) Board. – The North Carolina Board of Massage and Bodywork Therapy.

…

(4b) Passive stretching. – The movement by a practitioner of a part of a client's body through a range of motion without muscular effort by the client.

…

(7) Stretching services. – The provision to a client of passive stretching, active stretching, or active-assisted stretching. Stretching services do not include any of the following:

a. Effleurage, petrissage, or tapotement.

b. Deep tissue manipulation.

c. Myofascial release.

d. Any other system of activity applied to the soft tissues of the human body within the meaning of subdivision (3) of this section."

**SECTION 8.(b)** G.S. 90-624 is amended by adding a new subdivision to read:

"(9) The provision of stretching services by a person who provides only stretching services, as provided in G.S. 90-624.1."

**SECTION 8.(c)** Article 36 of Chapter 90 of the General Statutes is amended by adding a new section to read:

"**§ 90-624.1. Stretching services.**

(a) Notwithstanding G.S. 90-622(3)a., a person who provides only stretching services is not required to be licensed under this Article with respect to the provision of those stretching services.

(b) A massage and bodywork therapy establishment may employ or contract with one or more persons to provide stretching services. This subsection applies regardless of whether a person provides stretching services as an employee of the establishment or as an independent contractor.

(c) The license of a massage and bodywork therapy establishment does not extend any authorization to practice massage and bodywork therapy to a person who provides only stretching services at the establishment, and the person is not authorized to practice massage and bodywork therapy pursuant to the establishment's license.

(d) Nothing in this section shall be construed to do any of the following:

(1) Authorize a person who is not licensed under this Article to practice massage and bodywork therapy.

(2) Alter, limit, or expand the definition of massage and bodywork therapy in G.S. 90-622(3) or the practice of massage and bodywork therapy under this Article.

(3) Alter or limit the ability of a person not licensed under this Article to provide stretching services outside of a licensed massage and bodywork therapy establishment.

(4) Affect, limit, or impair any civil remedy otherwise available to a client under any other provision of law."

**SECTION 8.(d)** G.S. 90-632.16 reads as rewritten:

"**§ 90-632.16. Unlicensed massage and bodywork therapy prohibited at massage and bodywork therapy establishments.**

A massage and bodywork therapy establishment shall not employ or contract with any person in this State to provide massage and bodywork therapy unless that person holds a current license to practice massage and bodywork therapy issued pursuant to this Article. This section does not prohibit a massage and bodywork therapy establishment from employing or contracting with a person to provide only stretching services as provided in G.S. 90-624.1, and for purposes of this section, a person who provides only stretching services is not a person employed or contracted to provide massage and bodywork therapy."

**LIMIT LOCAL GLAZING AND TRANSPARENCY REQUIREMENTS**

**SECTION 9.(a)** Article 7 of Chapter 160D of the General Statutes is amended by adding a new section to read:

"**§ 160D-702.1. Glazing and transparency limitations.**

(a) Definitions. – The following definitions apply in this section:

(1) Glazing requirement. – Any zoning regulation, development regulation, design standard, or permitting requirement for windows, doors, storefront glass, glass block, transparent or translucent panels, faux windows, or similar facade treatments intended to satisfy a transparency or facade-opening requirement.

(2) Ground-floor facade area. – The exterior wall area of a building measured from grade to 10 feet above grade, excluding loading docks, service bays, mechanical areas, emergency exits, vehicular doors, and other functional areas that are not reasonably treated as storefront facade.

(b) General Limitation. – No local government may adopt or enforce a glazing requirement that requires glazing, transparency, windows, doors, storefront glass, faux windows, or other transparent or translucent facade materials to exceed thirty-five percent (35%) of the ground-floor facade area of a commercial or mixed-use building.

(c) Limitation for Non-Storefront Uses. – For portions of a commercial or mixed-use building used primarily for non-storefront purposes, no local government may adopt or enforce a glazing requirement that requires glazing or transparency to exceed twenty percent (20%) of the ground-floor facade area. Non-storefront uses include all of the following:

(1) Religious assembly or sanctuary space.

(2) Medical or dental examination, treatment, or healthcare services.

(3) Educational instruction or counseling.

(4) Civic or nonprofit services.

(5) Funeral services.

(6) Lodge or meeting hall use.

(7) Storage or back-of-house operations.

(8) Other institutional, assembly, or service uses not primarily operated as walk-in retail, restaurant, bar, entertainment, or commercial storefront uses.

(d) Voluntary Glazing. – The limitations in subsections (b) and (c) of this section apply only to glazing or transparency required by a local government. Nothing in this section limits glazing voluntarily provided by an owner, developer, architect, or tenant, except that a local government may not condition the approval of a development permit, special use permit, conditional use permit, variance, or other development approval upon the voluntary provision of glazing in excess of the limits in this section.

(e) Exceptions. – This section does not apply to or affect any of the following:

(1) The North Carolina Building Code, including emergency egress, accessibility, or energy efficiency requirements.

(2) The North Carolina Fire Code.

(3) Floodplain or floodproofing requirements.

(4) Requirements imposed by State or federal law.

(5) Property located within a local historic district established under G.S. 160D-944 or an individually designated local historic landmark established under Article 9 of this Chapter.

(6) Property subject to review by a local historic preservation commission for a certificate of appropriateness.

(7) Property subject to a federal or State historic preservation review requirement, including a requirement related to the use of federal or State historic tax credits, grants, or funding.

(8) State or federal requirements for airport safety, military installation safety, or other public safety requirements."

**SECTION 9.(b)** This section becomes effective October 1, 2026, and any development regulation that is inconsistent with G.S. 160D-702.1, as enacted by this section, on or after that date is 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**

**SECTION 10.(a)** G.S. 20-171.15 reads as rewritten:

"**§ 20-171.15. Age or size restrictions.**

(a) It is unlawful for any parent or legal guardian of a person less than eight years of age to knowingly permit that person to operate an all-terrain vehicle.

(b) Repealed by Session Laws 2015-286, s. 3.13(a), effective October 22, 2015.

(c) ~~It~~ Except as provided in subsection (c1) of this section, it is unlawful for any parent or legal guardian of a person less than 16 years of age to knowingly permit that person to operate an all-terrain vehicle in violation of the Age Restriction Warning Label affixed by the manufacturer as required by the applicable American National Standards Institute/Specialty Vehicle Institute of America (ANSI/SVIA) design standard.

(c1) Safety Course Rider-Fit Exception. – Subsection (c) of this section does not apply to a person less than 16 years of age operating an all-terrain vehicle if all of the following requirements are met:

(1) The person is at least 8 years of age.

(2) The person is participating in, or has successfully completed, an all-terrain vehicle safety course sponsored or approved by the All-Terrain Vehicle Safety Institute or another all-terrain vehicle safety course approved by the Commissioner of Insurance pursuant to G.S. 20-171.20.

(3) A course instructor certified or approved to teach a course described in subdivision (2) of this subsection determines in writing that, because of the person's height, weight, or physical size, the person cannot safely operate an all-terrain vehicle that complies with the Age Restriction Warning Label and that the all-terrain vehicle to be operated is appropriate for the person.

(4) The person satisfies all of the following rider-fit requirements with respect to the all-terrain vehicle being operated:

a. Brake reach. – With hands placed in the normal operating position and fingers straight out, the first joint from the tip of the middle finger extends beyond the brake lever and clutch.

b. Leg length. – While sitting and with their feet on the pegs, the rider's knee is bent at least 45 degrees.

c. Grip reach. – While sitting upright on the ATV with hands on the handlebars and not leaning forward, the rider's upper arm and the forearm form a distinct angle.

d. Handlebar control. – The rider must be able to turn the handlebars from lock to lock while maintaining grip on the handlebars and maintaining the throttle and brake control.

(5) The person operates the all-terrain vehicle under the direct supervision of the safety course instructor while participating in the course or, after successful completion of the course, under the continuous visual supervision of a person 18 years or older, pursuant to subsection (d) of this section.

(6) The person complies with all other requirements of this Part, including helmet and eye-protection requirements.

…."

**SECTION 10.(b)** G.S. 20-171.20 reads as rewritten:

"**§ 20-171.20. Safety training and certificate.**

Effective October 1, 2006, every all-terrain vehicle operator born on or after January 1, 1990, shall possess a safety certificate indicating successful completion of an all-terrain vehicle safety course sponsored or approved by the All-Terrain Vehicle Safety Institute or by another all-terrain vehicle safety course approved by the Commissioner of Insurance. The North Carolina Community College System is authorized to provide all-terrain vehicle safety training, approved by the Commissioner, to persons less than 18 years of age. An all-terrain vehicle safety certificate issued to a person less than 16 years of age may include a written rider-fit determination by the course instructor identifying the type or size of an all-terrain vehicle the instructor has determined is appropriate for the person pursuant to G.S. 20-171.15(c1)."

**ALLOW PRIVATE SWIM LESSONS IN PRIVATE POOLS**

**SECTION 11.(a)** G.S. 130A-280 reads as rewritten:

"**§ 130A-280. Scope and definitions.**

(a) This Part provides for the regulation of public swimming pools in the State as they may affect the public health and safety. This Part does not apply to any of the following:

(1) A private pool serving a single family dwelling and used only by the residents of the ~~dwelling and their guests,~~ dwelling, their guests, or a person providing swim instruction, regardless of whether their guests or the swim instructor gain use of the private pool through a sharing economy platform or pay a fee for its use. In all cases in which a fee is exchanged for access to a private pool serving a single family dwelling that is used only by the residents of the ~~dwelling and their guests,~~ dwelling, their guests, or a person providing swim instruction, the private pool shall be maintained in good and safe working order.

(2) Repealed by Session Laws 2025-94, s. 17, effective October 6, 2025.

(3) Therapeutic pools used in physical therapy programs operated by medical facilities licensed by the Department or operated by a licensed physical therapist, nor to therapeutic chambers drained, cleaned, and refilled after each individual use.

…."

**SECTION 11.(b)** G.S. 130A-39(b) reads as rewritten:

"(b) A local board of health may adopt a more stringent rule in an area regulated by the Commission for Public Health or the Environmental Management Commission where, in the opinion of the local board of health, a more stringent rule is required to protect the public health; otherwise, the rules of the Commission for Public Health or the rules of the Environmental Management Commission shall prevail over local board of health rules. However, a local board of health may not adopt a rule concerning a private pool serving a single family dwelling otherwise exempt from regulation pursuant to ~~G.S. 130A-280 or a~~ G.S. 130A-280, including rules concerning the recreational or instructional use of the exempt private pool. A local board of health may not adopt a rule concerning the grading, operating, and permitting of food and lodging facilities as listed in Part 6 of Article 8 of this Chapter and as defined in ~~G.S. 130A-247(1), and a~~ G.S. 130A-247(1). A local board of health may adopt rules concerning wastewater collection, treatment and disposal systems which are not designed to discharge effluent to the land surface or surface waters only in accordance with G.S. 130A-335(c)."

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

**SECTION 12.(a)** G.S. 55-16-22(a) reads as rewritten:

"**§ 55-16-22. Annual report.**

(a) Requirement. – Except as provided in G.S. 55-16-22.3 and in subsections (a1) and (a2) of this section, each domestic corporation and each foreign corporation authorized to transact business in this State shall deliver an annual report directly to the Secretary of State in electronic form or in paper form as prescribed by the Secretary of State under this section."

**SECTION 12.(b)** Article 16 of Chapter 55 of the General Statutes is amended by adding a new section to read:

"**§ 55-16-22.3. Exemptions for corporations owned by deployed members of the Armed Forces.**

(a) Definitions. – As used in this section, the following terms have the following meanings:

(1) Armed Forces. – The United States Air Force, Army, Coast Guard, Marine Corps, Navy, or Space Force, or any reserve component of the foregoing.

(2) Deployed member. – A member of the Armed Forces who is removed from his or her county of residence pursuant to an official order for a deployment

period that ends on or after the ninetieth day preceding the due date of the annual report required by G.S. 55-16-22.

(b) Notwithstanding G.S. 55-16-22, an annual report is deemed timely filed if it is filed by a domestic or foreign corporation (i) in which more than fifty percent (50%) of the ownership interest is owned by one or more deployed members and (ii) within 90 days of the end of the deployment period. The following provisions apply:

(1) Prior to the start of the deployment, the corporation shall file electronically with the Secretary of State a sworn affidavit of deployment executed by the deployed member that includes the following information:
   a. The full name of the deployed member.
   b. The name of the corporation and the state under whose law it is incorporated.
   c. The percentage ownership interest in the corporation currently held by the deployed member.
   d. The expected start and end dates of the deployment.
   e. A statement either certifying that the information contained in the most recently filed annual report has not changed or setting forth the updated information required by G.S. 55-16-22(a3)(2) through (5).

(2) In the event the deployment is extended beyond the date stated in the affidavit of deployment, the corporation shall file electronically with the Secretary of State, within 180 days of the end date stated in the affidavit of deployment filed with the Secretary of State pursuant to subdivision (1) of this subsection, a sworn affidavit of extended deployment by an authorized representative of the corporation that includes the following information:
   a. The title or position in the corporation held by the affiant.
   b. The full name of the deployed member.
   c. The name of the corporation and the state under whose law it is incorporated.
   d. The percentage ownership interest in the corporation currently held by the deployed member.
   e. The expected end date of the extended deployment.
   f. A statement either certifying that the information contained in the most recently filed annual report has not changed or setting forth the updated information required by G.S. 55-16-22(a3)(2) through (5).

(3) The due date of the corporation's next annual report is the ninetieth day following the end date stated in the affidavit of deployment filed pursuant to subdivision (1) of this subsection; provided, however, that if the deployment is extended, the due date of the corporation's annual report is the ninetieth day following the end date stated in the affidavit of extended deployment filed pursuant to subdivision (2) of this subsection.

(4) The grounds for dissolution under G.S. 55-14-20 apply to corporations that are subject to this section only if the period of delinquency for the applicable ground is 180 days or more past the end date stated in the affidavit of deployment filed with the Secretary of State pursuant to subdivision (1) of this subsection.

(c) Any fees required by G.S. 55-1-22 for documents filed pursuant to subsection (b) of this section are waived."

**SECTION 13.(a)** G.S. 57D-2-24 reads as rewritten:

"**§ 57D-2-24. Annual report for Secretary of State.**

(a) Excluding professional limited liability companies governed by ~~G.S. 57D-2-02,~~ G.S. 57D-2-02 and except as provided in G.S. 57D-2-26, each LLC and each foreign LLC authorized to transact business in this State must deliver to the Secretary of State for filing annual reports on a form prescribed by, and in the manner required by, the Secretary of State and as otherwise provided in subsection (b) of this section. Each annual report must specify the year for which the report applies and provide the information required by this subsection. The information must be current as of the date the limited liability company completes the report. If the information in the limited liability company's most recent annual report has not changed, the limited liability company may certify in its annual report that the information has not changed in lieu of restating the information.

The following information must be included in each annual report:

(1) The name of the limited liability company and, in the case of a foreign LLC, any different name that the foreign LLC is authorized under Article 3 of Chapter 55D of the General Statutes to use to transact business in this State, as provided in the foreign LLC's certificate of authority.

(2) In the case of a foreign LLC, the name of the jurisdiction under whose law the foreign LLC is organized.

(3) The street address, and the mailing address if different from the street address, of the limited liability company's registered office in the State, the county in which the registered office is located, the name of its registered agent at that office, and a statement of any change of the registered office or registered agent.

(4) The address and telephone number of its principal office.

(5) The names, titles, and business addresses of the limited liability company's principal company officials.

(6) A brief description of the nature of its business.

…."

**SECTION 13.(b)** Article 2 of Chapter 57D of the General Statutes is amended by adding a new section to read:

"**§ 57D-2-26. Exemptions for LLCs owned by deployed members of the Armed Forces.**

(a) Definitions. – As used in this section, the following terms have the following meanings:

(1) Armed Forces. – The United States Air Force, Army, Coast Guard, Marine Corps, Navy, or Space Force, or any reserve component of the foregoing.

(2) Deployed member. – A member of the Armed Forces who is removed from his or her county of residence pursuant to an official order for a deployment period that ends on or after the ninetieth day preceding the due date of the annual report required by G.S. 57D-2-24.

(b) Notwithstanding G.S. 57D-2-24, an annual report is deemed timely filed if it is filed by an LLC or foreign LLC (i) in which more than fifty percent (50%) of the ownership interest is owned by one or more deployed members and (ii) by April 15 of the year immediately following the end of the deployment period. The following provisions apply:

(1) Prior to the start of the deployment, the LLC or foreign LLC shall file electronically with the Secretary of State a sworn affidavit of deployment executed by the deployed member that includes the following information:

a. The full name of the deployed member.

b. The name of the LLC or foreign LLC and, for a foreign LLC, any different name under which the foreign LLC is authorized to transact business in this State and the name of the jurisdiction under whose law the foreign LLC is organized.

c. The percentage ownership interest in the LLC or foreign LLC currently held by the deployed member.

d. The expected start and end dates of the deployment.

e. A statement either certifying that the information contained in the most recently filed annual report has not changed or setting forth the updated information required by G.S. 57D-2-24.

(2) In the event the deployment is extended beyond the date stated in the affidavit of deployment, the LLC or foreign LLC shall file electronically with the Secretary of State, within 180 days of the end date stated in the affidavit of deployment filed with the Secretary of State pursuant to subdivision (1) of this subsection, a sworn affidavit of extended deployment by an authorized representative of the corporation that includes the following information:

a. The title or position in the LLC or foreign LLC held by the affiant.

b. The full name of the deployed member.

c. The name of the LLC or foreign LLC and, for a foreign LLC, any different name under which the foreign LLC is authorized to transact business in this State and the name of the jurisdiction under whose law the foreign LLC is organized.

d. The percentage ownership interest in the LLC or foreign LLC currently held by the deployed member.

e. The expected end date of the extended deployment.

f. A statement either certifying that the information contained in the most recently filed annual report has not changed or setting forth the updated information required by G.S. 57D-2-24.

(3) The due date of the LLC's or foreign LLC's next annual report is the ninetieth day following the end date stated in the affidavit of deployment filed pursuant to subdivision (1) of this subsection; provided, however, that if the deployment is extended, the due date of the LLC's or foreign LLC's annual report is the ninetieth day following the end date stated in the affidavit of extended deployment filed pursuant to subdivision (2) of this subsection.

(4) The grounds for dissolution under G.S. 57D-6-06 apply to LLCs and foreign LLCs that are subject to this section only if the period of delinquency for the applicable ground is 180 days or more past the end date stated in the affidavit of deployment filed with the Secretary of State pursuant to subdivision (1) of this subsection.

(c) Any fees required by G.S. 57D-1-22 for documents filed pursuant to subsection (b) of this section are waived."

**SECTION 14.(a)** G.S. 59-84.4 reads as rewritten:

"**§ 59-84.4. Annual report for Secretary of State.**

(a) ~~Each~~ Except as provided in G.S. 59-84.6, each registered limited liability partnership and each foreign limited liability partnership authorized to transact business in this State shall deliver to the Secretary of State for filing an annual report, in a form prescribed by the Secretary of State, that sets forth all of the following:

(1) The name of the registered limited liability partnership or foreign limited liability partnership and the state or country under whose law it is formed.

(2) The street address, and the mailing address if different from the street address, of the registered office, the county in which the registered office is located, and the name of its registered agent at that office in this State, and a statement of any change of the registered office or registered agent, or both.

(3) The street address and telephone number of its principal office.

(4) A brief description of the nature of its business.

(5) The fiscal year end of the partnership.

If the information contained in the most recently filed annual report has not changed, a certification to that effect may be made instead of setting forth the information required by subdivisions (2) through (4) of this subsection. The Secretary of State shall make available the form required to file an annual report.

…."

**SECTION 14.(b)** Article 3B of Chapter 59 of the General Statutes is amended by adding a new section to read:

"**§ 59-84.6. Exemptions for limited liability partnerships owned by deployed members of the Armed Forces.**

(a) Definitions. – As used in this section, the following terms have the following meanings:

(1) Armed Forces. – The United States Air Force, Army, Coast Guard, Marine Corps, Navy, or Space Force, or any reserve component of the foregoing.

(2) Deployed member. – A member of the Armed Forces who is removed from his or her county of residence pursuant to an official order for a deployment period that ends on or after the ninetieth day preceding the due date of the annual report required by G.S. 59-84.4.

(b) Notwithstanding G.S. 59-84.4, an annual report is deemed timely filed if it is filed by a registered or foreign limited liability partnership (i) in which more than fifty percent (50%) of the ownership interest is owned by one or more deployed members and (ii) within 90 days of the end of the deployment period. The following provisions apply:

(1) Prior to the start of the deployment, the registered or foreign limited liability partnership shall file electronically with the Secretary of State a sworn affidavit of deployment executed by the deployed member that includes the following information:

a. The full name of the deployed member.

b. The name of the registered or foreign limited liability partnership and the state or country under whose law it is formed.

c. The percentage ownership interest in the registered or foreign limited liability partnership currently held by the deployed member.

d. The expected start and end dates of the deployment.

e. A statement either certifying that the information contained in the most recently filed annual report has not changed or setting forth the updated information required by G.S. 59-84.4(a)(2) through (5).

(2) In the event the deployment is extended beyond the date stated in the affidavit of deployment, the registered or foreign limited liability partnership shall file electronically with the Secretary of State, within 180 days of the end date stated in the affidavit of deployment filed with the Secretary of State pursuant to subdivision (1) of this subsection, a sworn affidavit of extended deployment by an authorized representative of the registered or foreign limited liability partnership that includes the following information:

a. The title or position in the registered or foreign limited liability partnership held by the affiant.

b. The full name of the deployed member.

c. The name of the registered or foreign limited liability partnership and the state or country under whose law it is formed.

d. The percentage ownership interest in the registered or foreign limited liability partnership currently held by the deployed member.

e. The expected end date of the extended deployment.

f. A statement either certifying that the information contained in the most recently filed annual report has not changed or setting forth the updated information required by G.S. 59-84.4(a)(2) through (5).

(3) The due date of the registered or foreign limited liability partnership's next annual report is the ninetieth business day following the end date stated in the affidavit of deployment filed pursuant to subdivision (1) of this subsection; provided, however, that if the deployment is extended, the due date of the registered or foreign limited liability partnership's annual report is the ninetieth day following the end date stated in the affidavit of extended deployment filed pursuant to subdivision (2) of this subsection.

(4) The grounds for revocation of registration under G.S. 59-84.4(f) apply to registered and foreign limited liability partnerships that are subject to this section only if the period of delinquency for the applicable ground is 180 days or more past the end date stated in the affidavit of deployment filed with the Secretary of State pursuant to subdivision (1) of this subsection.

(c) Any fees required by G.S. 59-35.2 for documents filed pursuant to subsection (b) of this section are waived."

**SECTION 15.** G.S. 132-1.2 reads as rewritten:

"**§ 132-1.2. Confidential information.**

Nothing in this Chapter shall be construed to require or authorize a public agency or its subdivision to disclose any information that:

…

(12) Reveals information contained in an affidavit of deployment or an affidavit of extended deployment filed with the Secretary of State pursuant to G.S. 55-16-22.3, 57D-2-26, or 59-84.6."

**SECTION 16.** The Secretary of State shall make available the form or forms needed for the affidavit of deployment and affidavit of extended deployment required by this act and shall take any other action necessary to allow business entities to begin filing pursuant to this act on October 1, 2026.

**SECTION 17.** Sections 12 through 16 of this act become effective October 1, 2026.

**PRIVATE ROAD AND BRIDGE PROGRAM MODIFICATION**

**SECTION 17.5.(a)** Section 5A.3(c) of S.L. 2026-41 reads as rewritten:

"**SECTION 5A.3.(c)** Private Bridge Design Standard. – ~~Within 60 days of the effective date of this act, the Department of Transportation (DOT)~~ NCEM shall develop a separate design category and standard for private bridges that allow (i) lower design loads for residential and agricultural use and (ii) simpler abutments and foundations that maintain residential code compliance, including, if appropriate, steel beam and timber deck bridges. NCEM may consult with the Department of Transportation in developing this category and standard. A standard developed under this subsection shall ~~maintain American Association of State Highway and Transportation Officials loading and safety criteria and also allow~~ be based on recognized structural design and safety principles, while allowing for engineering ~~flexibility~~ flexibility, alternative construction methods, alternative foundation systems, and site-specific ~~construction methods~~ designs appropriate for private residential ~~use.~~and agricultural bridge applications. In developing this category and standard, the following criteria must be considered and applied: (i) environmental permitting, (ii) engineering performed by a licensed professional engineer when required by the project, (iii) compliance with applicable county or municipal development ordinances, (iv) floodplain ordinances, (v) local subdivision or zoning ordinances, and (vi) applicable building or structural code requirements adopted by the local jurisdiction."

**SECTION 17.5.(b)** Section 5A.3 of S.L. 2026-41 is amended by adding a new section to read:

"**SECTION 5A.3.(c1)** Low-Cost Private Bridges. – For private bridge projects with an estimated construction cost of five hundred thousand dollars ($500,000) or less, NCEM shall allow qualified design-build delivery by a North Carolina licensed general contractor holding the highway classification. The licensed general contractor may retain a licensed professional engineer to develop a site-specific bridge design utilizing sound engineering judgment, alternative construction methods, and alternative foundation systems. NCEM shall not require the use of prescriptive standard bridge plans where a project-specific design, prepared and sealed by the licensed professional engineer, demonstrates compliance with the applicable loading and safety criteria established under this subsection."

**SECTION 17.5.(c)** Section 5A.3(d) of S.L. 2026-41 reads as rewritten:

"**SECTION 5A.3.(d)** Contract Modifications. – NCEM shall identify current contracts entered into under the Program and seek to renegotiate the contracts with a new design standard developed under subsection (c) of this section for private bridges, where appropriate. For new contracts, NCEM shall establish expedited procurement tracks, as provided for under this section for private bridges, where appropriate. Further, NCEM shall shorten the availability window for these expedited projects. NCEM shall implement a standardized or pre-approved design using the design standard developed by ~~DOT~~ NCEM under subsection (c) of this section."

**SECTION 17.5.(d)** Section 2C.1(a) of S.L. 2025-2 reads as rewritten:

"**SECTION 2C.1.(a)** Private Road and Bridge Repair and Replacement Program. – The Private Road and Bridge Repair and Replacement Program (Program) is established within NCEM for the repair and replacement of private roads and bridges damaged or destroyed by Hurricane Helene. NCEM ~~shall~~ may consult with the Department of Transportation in administering the Program and shall develop criteria and an application process to select private roads and bridges eligible for repair or replacement consistent with this subsection. NCEM may use up to two percent (2%) for administrative costs for the Program. NCEM shall prioritize applications for the repair and replacement of private roads or bridges that provide the sole option for ingress and egress for (i) emergency services to a residential property that is occupied by the owner for more than six months of the calendar year, (ii) multiple residential homes, or (iii) recreation or commercial facilities. These funds may be used for program costs incurred for the engineering, design, and construction of private roads and bridges, funding to nonprofit organizations supporting bridge repairs, and may also be used to provide technical support and assistance for individuals and local governments to comply with no-rise certification requirements required by FEMA under the National Flood Insurance Program."

**SECTION 17.5.(e)** The Department of Public Safety, Division of Emergency Management shall develop the separate design category and standard required under Section 5A.3(c) of S.L. 2026-41, as amended by this section, within 60 days of the effective date of this act.

**SECTION 17.5.(f)** This section is retroactively effective July 1, 2026.

**VOLUNTARY PORTABLE BENEFITS PLAN ACT**

**SECTION 17.6.(a)** Chapter 66 of the General Statutes is amended by adding a new Article to read:

"Article 53.

"Voluntary Portable Benefits Plan Act.

"**§ 66-530. Title; definitions.**

(a) This Article is known and may be cited as the "Voluntary Portable Benefits Plan Act."

(b) The following definitions apply in this Article:

(1) Bank. – A banking corporation entitled to operate in this State under Chapter 53C of the General Statutes with deposits insured by the Federal Deposit Insurance Corporation.

(2) Commissioner. – The Commissioner of the North Carolina Department of Labor.

(3) Compensation. – Remuneration for services performed by an independent contractor.

(4) Contribution. – Funds deposited into a portable benefits account.
(5) Contributor. – A person or entity, other than the account owner and including a hiring party, who makes a contribution to a portable benefit account.
(6) Hiring party. – A person or entity, whether public or private, including an internet or application-based company, who hires or enters into a contract for the performance of work with an independent contractor.
(7) Independent contractor. – As defined in G.S. 96-1(b)(19).
(8) Portable benefit account or account. – An account owned by an independent contractor that is administered by a portable benefit account provider and used to fund the purchase of one or more portable benefit plans.
(9) Portable benefit account provider or account provider. – Any of the following that administer a portable benefit account:
a. A bank.
b. An investment management firm.
c. A technology provider or program manager that offers services through a bank or investment management firm.
d. Any other person who demonstrates to the satisfaction of the Commissioner that the manner in which the person administers portable benefit accounts is consistent with the requirements under G.S. 66-532.
(10) Portable benefit plan. – A plan that meets all of the following conditions:
a. It funds benefits permissible under G.S. 66-531(c).
b. It is chosen by an independent contractor and is assigned to a beneficiary other than a hiring party.
c. It is administered by a third-party portable benefit plan provider.
(11) Portable benefit plan provider. – A person or entity licensed or otherwise authorized to offer insurance or benefit plans in the State.

"**§ 66-531. Portable benefit accounts; contributions; ownership; applicability.**

(a) Voluntary Contributions; Written Agreement. – Any person or entity, including an internet or application-based entity, may make a contribution to a portable benefit account. The following provisions apply to a hiring party that makes a contribution to a portable benefit account owned by an independent contractor with whom the hiring party has entered into a contract for the performance or work:
(1) The independent contractor must affirmatively opt in through 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 the making of contributions by a hiring party and the receipt of contributions by an independent contractor are voluntary and must allow the independent contractor to opt out at any time.
(2) The hiring party shall not induce or require an independent contractor to maintain an account with a specific portable benefit account provider as a condition of receiving contributions.
(3) The hiring party shall treat contributions as compensation.

(b) Ownership and Portability. – A portable benefit account is at all times the sole property of the independent contractor who owns it. Funds in the account, including contributions and earnings, are not subject to claims of a contributor or the account's creditors arising from the hiring relationship and do not revert to the hiring party. A hiring party has no ownership, reversionary, or control interest in a portable benefit account. The account owner may, at any time and without penalty, beyond reasonable disclosed transfer costs, (i) cease contributions, (ii) change the portable benefit plans purchased through the account, and (iii) transfer the account balance to another qualified portable benefit account provider.

(c) Permitted Use of Funds. – Portable benefit account funds may be used only to purchase portable benefit plans for the benefits listed in this subsection, to pay reasonable and disclosed portable benefit account fees, or for distribution to the portable benefit account owner. The permissible benefits are:

(1) Health Savings Accounts.
(2) Flexible Spending Accounts.
(3) Health Reimbursement Arrangements.
(4) Transportation/parking accounts.
(5) Health insurance.
(6) Healthcare sharing contributions.
(7) Healthcare subscriptions.
(8) Income replacement insurance.
(9) Disability insurance.
(10) Life insurance.
(11) Traditional Individual Retirement Accounts.
(12) Traditional 401(k).
(13) Traditional savings accounts.

(d) Not Evidence of Employer-Employee Relationship. – Contributions by a hiring party to a portable benefit account are not treated as evidence that a worker is an employee of the hiring party under State unemployment insurance, worker's compensation, or labor laws. Nothing in this Article alters, expands, or contracts the test for independent contractor status under any other provision of law, and the existence of a portable benefit account or any contribution to it shall not be a factor in that determination.

(e) Inapplicability to State Unemployment Insurance. – Nothing in this Article affects entitlement to unemployment insurance benefits under Chapter 96 of the General Statutes.

"**§ 66-532. Portable benefit account providers.**

(a) Selection. – An independent contractor who opts in to receiving contributions from a hiring party shall select a portable benefit account provider to administer the funds.

(b) Limitations. – The following limitations apply with respect to portable benefit account providers:

(1) A hiring party, or an entity controlled by or under common control with a hiring party, shall not serve as the portable benefit account provider for an independent contractor it engages, except as a pass-through contributor of funds.
(2) A portable benefit account provider shall not condition the distribution of funds in a portable benefit account on continued work for any hiring party.

(c) Segregation of Funds. – A portable benefit account provider shall hold all account funds in trust for, or as custodian for, the benefit of the account owner, segregated from the provider's own assets and from the assets of a hiring party. Account provider funds shall not be commingled with portable benefit account funds.

(d) Fee Disclosure. – Before an independent contractor opens an account or any contributions under G.S. 66-531 are made, the account provider shall disclose, in writing and in clear and conspicuous terms, all fees, charges, and penalties associated with the account, and any material change shall be disclosed in writing at least 30 days before it takes effect.

(e) Financial Responsibility. – A portable benefit account provider, other than a bank, shall maintain a fidelity bond, errors and omissions coverage, or other financial assurance in an amount established by the Commissioner sufficient to protect account owners against loss from the account provider's negligence, fraud, or insolvency.

(f) Record Keeping; Audit. – A portable benefit account provider shall maintain accurate records of all contributions, earnings, fees, and distributions for each portable benefit account, shall furnish each account owner with a statement no less than quarterly, and shall make its records available, upon request, to the Commissioner or the Secretary of Revenue, as applicable. The Commissioner may audit an account provider's compliance with this Article.

(g) Standard of Care. – A portable benefit account provider shall administer each account solely in the interest of the account owner and with the care, skill, and diligence that a prudent administrator uses.

(h) Commissioner Approval; Revocation; Rulemaking. – The Commissioner may approve a person under G.S. 66-530(b)(9)d. only upon a showing of compliance with this section and may suspend or revoke approval for noncompliance after notice and an opportunity to be heard. The Commissioner shall maintain and publish a list of approved portable benefit account providers. The Commissioner of Labor may adopt rules necessary to make a determination under G.S. 66-530(b)(9)d."

**SECTION 17.6.(b)** G.S. 105-153.5(b) is amended by adding a new subdivision to read:

"(18) The amount of a contribution made to a portable benefit account under G.S. 66-531 during the taxable year to the extent it is included in the taxpayer's adjusted gross income."

**SECTION 17.6.(c)** G.S. 105-153.5(c) reads as rewritten:

"(c) Additions. – In calculating North Carolina taxable income, a taxpayer must add to the taxpayer's adjusted gross income any of the following items that are not included in the taxpayer's adjusted gross income:

…

(8) The amount withdrawn from a portable benefit account to the extent this amount was withdrawn and not used to pay for a portable benefit plan as permitted under Article 53 of Chapter 66 of the General Statutes."

**SECTION 17.6.(d)** G.S. 105-163.3(b) reads as rewritten:

"(b) Exemptions. – The withholding requirement does not apply to the following:

…

(6) Compensation deposited into a portable benefit account on behalf of a payee in accordance with Article 53 of Chapter 66 of the General Statutes."

**SECTION 17.6.(e)** G.S. 105-251.2 is amended by adding a new subsection to read:

"(c1) Portable Benefit Account Provider. – A portable benefit account provider, as defined under G.S. 66-530, must give information to the Secretary when the Secretary requests the information. The Secretary may not request the information more than once per calendar year. The Secretary may request a portable benefit account provider to provide, on a return, report, or otherwise, 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 that the Secretary deems necessary to determine compliance with this Chapter."

**SECTION 17.6.(f)** This section becomes effective January 1, 2027, and applies to taxable years beginning on or after that date.

## PART II. JUSTICE AND PUBLIC SAFETY REFORMS

### INCREASE CIVIL PENALTY FOR WATER THEFT

**SECTION 18.(a)** G.S. 14-151 reads as rewritten:

"**§ 14-151. Interfering with gas, electric, ~~and steam~~ steam, and water appliances or meters; penalties.**

(a) It is unlawful for any person to willfully, with intent to injure or defraud, commit any of the following acts:

…

(4) Make any connection or reconnection with the gas mains, water pipes, service pipes, or wires of any person, furnishing to consumers natural or artificial gas, water, or electricity, or turn on or off or in any manner interfere with any valve or stopcock or other appliance belonging to that person, and connected with the person's service or other pipes or wires, or enlarge the orifices of mixers, or use natural gas for heating purposes except through mixers, or electricity for any purpose without first procuring from the person a written permit to turn on or off the stopcock or valve, or to make the connection or reconnections, or to enlarge the orifice of mixers, or to use for heating purposes without mixers, or to interfere with the valves, stopcocks, wires, or other appliances of them, as the case may be. For the purposes of this subsection, "water pipes" means water pipes, fire hydrants, flushing assemblies, blow-offs, sampling stations, and all other appurtenances connected to a water distribution system, whether above or below ground.

…

(e) Whoever is found in a civil action to have violated any provision of this section is liable to the electric, gas, or water supplier in triple the amount of losses and damages sustained or five thousand dollars ($5,000), whichever is ~~greater.~~greater, except that whoever is found in a civil action to have violated subdivision (a)(4) of this section by the connection or reconnection with any water pipe is liable to the water supplier in triple the amount of losses and damages sustained or ten thousand dollars ($10,000), whichever is greater, and attorneys' fees.

…."

**SECTION 18.(b)** This section becomes effective December 1, 2026, and applies to offenses committed on or after that date.

**INCREASE FINES FOR INTENTIONAL OR RECKLESS LITTERING**

**SECTION 19.(a)** G.S. 14-399 reads as rewritten:

"**§ 14-399. Littering.**

(a) No person, including any firm, organization, private corporation, or governing body, agents or employees of any municipal corporation shall intentionally or recklessly throw, scatter, spill or place or intentionally or recklessly cause to be blown, scattered, spilled, thrown or placed or otherwise dispose of any litter upon any public property or private property not owned by the person within this State or in the waters of this State including any public highway, public park, lake, river, ocean, beach, campground, forestland, recreational area, trailer park, highway, road, street or alley except:

(1) When the property is designated by the State or political subdivision thereof for the disposal of garbage and refuse, and the person is authorized to use the property for this purpose; or

(2) Into a litter receptacle in a manner that the litter will be prevented from being carried away or deposited by the elements upon any part of the private or public property or waters.

…

(c) Any person who violates subsection (a) of this section in an amount not exceeding 10 pounds and not for commercial purposes is guilty of a Class 3 misdemeanor punishable by a fine of not less than ~~five hundred dollars ($500.00)~~ one thousand dollars ($1,000) nor more than ~~one thousand dollars ($1,000)~~ three thousand dollars ($3,000) for the first offense. In addition, the court may require the violator to perform community service of not less than eight hours nor more than 24 hours. The community service required shall be to pick up litter if feasible, and if not feasible, to perform other labor commensurate with the offense committed. Any second or subsequent violation of subsection (a) of this section in an amount not exceeding 10 pounds and not for commercial purposes within three years after the date of a prior violation is a Class 3 misdemeanor punishable by a fine of not less than ~~one thousand dollars ($1,000)~~ three thousand dollars ($3,000) nor more than ~~three thousand dollars ($3,000).~~ five thousand dollars ($5,000). In addition, the court may require the violator to perform community service of not less than 16 hours nor more than 50 hours. The community service required shall be to pick up litter if feasible, and if not feasible, to perform other labor commensurate with the offense committed.

…

(d) Any person who violates subsection (a) of this section in an amount exceeding 10 pounds but not exceeding 500 pounds and not for commercial purposes is guilty of a Class 3 misdemeanor punishable by a fine of not less than ~~one thousand dollars ($1,000)~~ five thousand dollars ($5,000) nor more than ~~three thousand dollars ($3,000).~~ ten thousand dollars ($10,000). In addition, the court shall require the violator to perform community service of not less than 50 hours nor more than 100 hours. The community service required shall be to pick up litter if feasible, and if not feasible, to perform other community service commensurate with the offense committed.

…

(e) Any person who violates subsection (a) of this section in an amount exceeding 500 pounds or in any quantity for commercial purposes, or who discards litter that is a hazardous waste as defined in G.S. 130A-290 is guilty of a Class I felony punishable by a fine of ~~five thousand dollars ($5,000).~~ not less than ten thousand dollars ($10,000) nor more than fifteen thousand dollars ($15,000). In addition, the court shall require the violator to perform community service of not less than 100 hours. The community service required shall be to pick up litter if feasible, and if not feasible, to perform other community service commensurate with the offense committed.

…."

**SECTION 19.(b)** This section becomes effective December 1, 2026, and applies to offenses committed on or after that date.

**PROHIBIT TELEPHONE SOLICITORS FROM MISREPRESENTING CALL ORIGINS**

**SECTION 20.(a)** G.S. 75-100 is amended by adding a new subdivision to read:

"(10) A telephone number is the property of a telephone subscriber, subject to the terms and conditions of the subscriber's contract with a telephone carrier."

**SECTION 20.(b)** G.S. 75-101(10) reads as rewritten:

"(10) Telephone solicitor. – Any individual, business establishment, business, or other legal entity doing business in this State that, directly or through salespersons or agents, makes or attempts to make telephone solicitations or causes telephone solicitations to be ~~made.~~ made, and any agent of that individual, business establishment, business, or legal entity. "Telephone solicitor" also includes any party defined as a "telemarketer" under the Telemarketing Sales Rule."

**SECTION 20.(c)** G.S. 75-102 reads as rewritten:

"**§ 75-102. Restrictions on telephone solicitations.**

…

(i) No telephone solicitor shall cause misleading information to be transmitted to users of caller identification technologies or otherwise block or misrepresent the origin of the telephone ~~solicitation.~~ solicitation or use any other alteration to the origin of the telephone solicitation that displays in a way to give the perception that the call originated from any other origin except the actual origin of the telephone solicitation. No provider of telephone caller identification services shall be held liable for violations of this subsection committed by other individuals or entities. It is not a violation of this subsection for a telephone solicitor to utilize the name and number of the entity the solicitation is being made on behalf of rather than the name and number of the telephone solicitor.

(j) A telephone solicitor ~~or its agent~~ that makes telephone solicitations on its behalf, provided that the telephone solicitor ensures compliance by its agent, shall keep a record for a period of 24 months from the date a telephone solicitation is made of the legal name, any fictitious name used, the resident address, the telephone number, and the job title of each individual who makes a telephone solicitation for that telephone solicitor. If an individual who makes telephone solicitations for a telephone solicitor uses a fictitious name, the fictitious name shall be traceable only to the specific individual.

…."

**SECTION 20.(d)** Article 4 of Chapter 75 of the General Statutes is amended by adding a new section to read:

"**§ 75-104.1. Telephone carriers.**

(a) A telephone carrier shall not knowingly and intentionally transmit, sell, or otherwise provide the numbers of telephone subscribers to any entity the telephone carrier knows (i) will use the number to violate provisions of this Article, (ii) has previously used telephone subscriber information to violate provisions of this Article, or (iii) has previously provided the information to another entity that has violated provisions of this Article.

(b) A telephone carrier shall not be held liable for a telemarketer's violation of G.S. 75-102(i)."

**SECTION 20.(e)** G.S. 75-105 reads as rewritten:

"**§ 75-105. Enforcement.**

…

(b) A telephone subscriber who has received a telephone solicitation from or on behalf of a telephone solicitor in violation of this Article may bring any of the following actions in civil court:

(1) An action to enjoin further violations of this Article by the telephone solicitor.

(2) An action to recover five hundred dollars ($500.00) for the first violation, one thousand dollars ($1,000) for the second violation, and five thousand dollars ($5,000) for the third and any other violation that occurs within two years of the first violation.

(3) An action to recover ten thousand dollars ($10,000) for each call placed in knowing violation of G.S. 75-102(i).

…."

**SECTION 20.(f)** This section becomes effective December 1, 2026, and applies to phone calls placed on or after that date.

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

**SECTION 21.** Notwithstanding G.S. 153A-94.2(b) and G.S. 160A-164.2(b), municipalities and counties may enter contracts with third-party vendors supplying criminal history record checks to conduct criminal history record checks required pursuant to those sections. All contracts entered pursuant to this section shall terminate on or before December 1, 2026, or when the State Bureau of Investigation request for proposal is awarded, whichever occurs later. Third-party vendors conducting criminal history record checks pursuant to this authority shall comply with any restrictions or requirements set by law governing fingerprints and other information collected by the Bureau for a criminal record check, as required by G.S. 143B-1209.09.

**ADD APPROVED FIREARM SAFETY AND TRAINING COURSE**

**SECTION 23.(a)** G.S. 14-415.12(a)(4) reads as rewritten:

"(4) The applicant has successfully completed an approved firearms safety and training course which involves the actual firing of handguns and instruction in the laws of this State governing the carrying of a concealed handgun and the use of deadly force. The North Carolina Criminal Justice Education and Training Standards Commission shall prepare and publish general guidelines for courses and qualifications of instructors which would satisfy the requirements of this subdivision. An approved course shall be any course which satisfies the requirements of this subdivision and is certified or sponsored by any of the following:

a. The North Carolina Criminal Justice Education and Training Standards Commission.

a1. The North Carolina Concealed Carry Association.

b. The National Rifle Association.

b1. The United States Concealed Carry Association.

b2. U.S. LawShield.

c. A law enforcement agency, college, private or public institution or organization, or firearms training school, taught by instructors certified by the North Carolina Criminal Justice Education and Training Standards Commission, the North Carolina Concealed Carry Association, the United States Concealed Carry Association, U.S. LawShield, or the National Rifle Association.

d. The North Carolina Private Protective Services Board and Secretary of Public Safety pursuant to G.S. 74C-13.

Every instructor of an approved course shall file a copy of the firearms course description, outline, and proof of certification annually, or upon modification of the course if more frequently, with the North Carolina Criminal Justice Education and Training Standards Commission."

**SECTION 23.(b)** This section becomes effective October 1, 2026, and applies to permit applications submitted on or after that date.

**NO SCHOOLS NEAR GUN RANGES IN BRUNSWICK COUNTY**

**SECTION 24.(a)** For the purpose of this section, the following definitions apply:

(1) "School building" means any building or structure suitable for use as a classroom, including laboratories, libraries, school eating facilities, gymnasiums, or any other facilities used for the instruction of students or the administration of educational programs.

(2) "Sport shooting range" means any area designed and operated for the use of rifles, shotguns, pistols, silhouettes, skeet, trap, black powder, or any other similar sport shooting.

**SECTION 24.(b)** The location of any new school building must be at least 1 mile, measured in a straight line from property line to property line, from any existing sport shooting range.

**SECTION 24.(c)** This section is effective when it becomes law and applies only to school buildings constructed in Brunswick County on or after that date.

**NUISANCE IMMUNITY FOR RURAL RECREATIONAL AND HERITAGE EVENTS**

**SECTION 25.(a)** Chapter 99E of the General Statutes is amended by adding a new Article to read:

"Article 11.

"Rural Recreational and Heritage Event Nuisance Immunity.

"**§ 99E-95. Nuisance immunity for rural recreational and heritage events.**

(a) For purposes of this Article, the following definitions apply:

(1) Area of the facility. – The area within a 3-mile radius of the perimeter of the property or a contiguous group of properties where a facility is located.

(2) Facility. – A designated and established area that is regularly used to host or conduct one or more rural recreational and heritage events. A facility includes the track, course, arena, ring, field, stable, kennel, pen, staging, spectator, and parking areas, and any associated grounds, buildings, structures, or appurtenances used to conduct or support rural recreational and heritage events. A facility does not include real property to the extent it is used only for the personal or private use of the property by the property owner or the owner's family, guests, or invitees, where that use is not part of a rural recreational and heritage event that is conducted on a recurring basis or that is open to participants, spectators, or the members of a club, association, or other organization that owns, operates, or conducts rural recreational and heritage events at the facility.

(3) Rural recreational and heritage event. – Any of the following when conducted at a facility:

a. Motorized and off-road vehicle events, including motocross, dirt-bike events, all-terrain vehicle (ATV) and utility task vehicle (UTV) events, go-kart racing, drag racing, autocross and rallycross, monster truck events, truck pulls, tractor pulls, mud bogging, mud pulls, four-wheel-drive and other off-road events, demolition derbies, lawn mower racing, and similar motorized or off-road competitions or events.

b. Horse and farm animal events, including horse shows, rodeos, barrel racing, roping and team roping, horse pulls, mounted shooting, equestrian competitions, livestock shows, farm animal exhibitions, agricultural fair events, and similar animal-based competitions or exhibitions.

(b) A facility shall not be subject to any action brought by a surrounding property owner under any nuisance or taking cause of action arising from the conduct of a rural recreational and heritage event at the facility if both of the following conditions were met as of the date the surrounding property owner purchased real property located within the area of the facility or, if the surrounding property owner owned that real property before rural recreational and heritage events were first conducted at the facility, as of the date the surrounding property owner first constructed a building on that real property:

(1) The facility was lawfully established and in compliance with all laws, ordinances, and permitting requirements applicable to the facility at the time of its establishment.

(2) One or more rural recreational and heritage events have been conducted at the facility within the 24 months preceding the date on which the surrounding property owner purchased the real property or constructed the building."

**SECTION 25.(b)** This section is effective when it becomes law and applies to actions commenced on or after that date.

## PART III. ENERGY, ENVIRONMENT, & NATURAL RESOURCES REFORMS

### ALLOW LIQUEFIED PETROLEUM GAS REFILLS DURING EMERGENCIES

**SECTION 26.(a)** G.S. 119-54(a) reads as rewritten:

"(a) It is the purpose of this Article to provide for the adoption and promulgation of a code of safety, and such rules and regulations setting forth minimum general standards of safety for the design, construction, location, installation, and operation of the equipment used in handling, storing, measuring, transporting, distributing, and utilizing liquefied petroleum gases and to provide for the administration and enforcement of the code and such rules and regulations thereby adopted. Words used in this Article shall be defined as follows:

(1) "Board" means the North Carolina Board of Agriculture.

(2) "Commissioner" means the Commissioner of Agriculture or his designated agent.

(3) "Dealer" means any person, firm, or corporation who is engaged in or desires to engage in:

a. The business of selling or otherwise dealing in liquefied petroleum gases which require handling, storing, measuring, transporting, or distributing liquefied petroleum gas; or

b. The business of installing, servicing, repairing, adjusting, connecting, or disconnecting containers, equipment, or appliances which use liquefied gas. A person who engages in any of the aforementioned activities only in connection with his or his employer's use of liquefied petroleum gas and not as a business shall not be deemed to be a "dealer" for the purposes of this Article.

(3a) "Emergency supplier" means a Class A dealer that provides liquefied petroleum gas to a consumer during a qualifying emergency, pursuant to G.S. 119-58(c).

(4) "Liquefied petroleum gas" means any material which is composed predominantly of any of the following hydrocarbons, or mixtures of the same: propane, propylene, butanes (normal butanes or isobutane), butylenes.

(5) "Qualifying emergency" means (i) a state of emergency as declared by the Governor, General Assembly, or the governing body of a municipality or county pursuant to Article 1A of Chapter 166A of the General Statutes, (ii) a state of emergency declared by the President of the United States, (iii) 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 caused by a lack of liquefied petroleum gas, or (iv) when a waiver from delivery limitations affecting the delivery of liquefied petroleum gas has been lawfully ordered."

**SECTION 26.(b)** G.S. 119-58 reads as rewritten:

"**§ 119-58. Unlawful acts.**

…

(b) Every supply tank or container with a total capacity greater than 5 gallons and with its regulating equipment connected in a service system, shall be identified while in service by the supplier with an attached tag, label, or other marking that includes the ~~name~~ name and contact information of the person supplying liquefied petroleum gas to the ~~system, and~~ system, and the name of the tank or container owner. Except as provided in subsection (c) of this section, it shall be unlawful for any person, other than the supplier or the owner of the system, to disconnect, interrupt or fill the system with liquefied petroleum gas without the consent of the supplier. If another registered supplier is requested by the consumer to connect service and is given permission by the consumer to do so, the new supplier shall notify the former supplier before disconnecting the former service and connecting the new service and shall cap or plug all disconnected equipment ~~outlets~~ outlets, perform a leak test, and leave the equipment in a condition consistent with this Article and the rules adopted pursuant to this Article.

(c) When a qualifying emergency is in effect, a person other than the supplier or the owner of the system may fill or refill a properly inspected system, as required by law, with liquefied petroleum gas, provided the following conditions are met:

(1) The consumer demonstrates that they have less than a twenty percent (20%) supply of liquefied petroleum gas remaining in the tank or container for use as the primary energy for heating or cooking.

(2) The consumer makes a good-faith effort to procure delivery of liquefied petroleum gas from the current supplier or owner.

(3) The current supplier or owner is unable to make a scheduled fill or refill within three business days of the good-faith procurement effort.

(4) 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.

(5) The emergency supplier attaches a nonpermanent tag to the tank or container that includes the name, address, and contact information of the emergency supplier, as well as the date of the emergency service. The tag shall not deface or otherwise obstruct any name, tag, label, or other marking on the tank or container.

(6) The emergency supplier provides no more than twenty percent (20%) of the capacity of the tank or container in liquefied petroleum gas as part of the emergency refill performed pursuant to this subsection.

(7) The emergency supplier makes a good-faith effort to notify the current supplier or owner promptly after the emergency service and, within five days after an emergency fill or refill has occurred, provides to the current supplier or owner written documentation of (i) the name and address of the customer and of the emergency supplier, (ii) the date of delivery, (iii) the approximate amount of liquefied petroleum gas that was delivered, (iv) whether or not a leak was detected by the emergency supplier, and (v) the services provided to address any leak detected, as needed."

**SECTION 26.(c)** G.S. 119-59 reads as rewritten:

"**§ 119-59. Sanctions for violations.**

(a) Criminal. – A dealer who violates a provision of this Article or a rule adopted under it is guilty of a Class 1 ~~misdemeanor.~~misdemeanor, except that any person that violates G.S. 119-58(b) is guilty of a Class A1 misdemeanor.

(b) Injunction. – The Commissioner or an agent of the Commissioner may apply to any superior court judge and the court may temporarily restrain or preliminarily or permanently enjoin any violation of this Article or a rule adopted under it.

(c) Civil Penalty. – The Commissioner may assess a civil penalty against any person who violates a provision of this Article or a rule adopted under it. The penalty may not exceed three hundred dollars ($300.00) for the first violation, five hundred dollars ($500.00) for a second violation, and one thousand dollars ($1,000) for a third or subsequent ~~violation.~~ violation. The Commission may assess a civil penalty against any person who violates G.S. 119-58(b) of up to one thousand dollars ($1,000) for the first violation, up to two thousand dollars ($2,000) for a second violation, and up to three thousand dollars ($3,000) for a third or subsequent violation. In determining the amount of a penalty, the Commissioner shall consider the degree and extent of harm or potential harm that has resulted or could have resulted from the violation. The clear proceeds of civil penalties assessed pursuant to this subsection shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

(d) Registration. – The Commissioner may deny, suspend, or revoke the registration of a dealer who violates a provision of this Article or a rule adopted under it."

**SECTION 26.(d)** G.S. 119-60 reads as rewritten:

"**§ 119-60. Liquefied petroleum gas accidents; liability limitations.**

Any person who provides assistance upon request of any police agency, fire department, rescue or emergency squad, or any governmental agency in the event of an accident or other emergency involving the use, handling, transportation, transmission or storage of liquefied petroleum gas, when the reasonably apparent circumstances require prompt decisions and actions, <u>or any person acting as an emergency supplier pursuant to G.S. 119-58(c),</u> shall not be liable for any civil damages resulting from any act of commission or omission on his part in the course of his rendering such assistance unless such acts or omissions amount to willful or wanton negligence or intentional wrongdoing. Nothing in this section shall be deemed or construed to relieve any person from liability for civil damages (a) where the accident or emergency referred to above involved his own facilities or equipment or (b) resulting from any act of commission or omission on his part in the course of providing care or assistance in the normal and ordinary course of conducting his own business or profession, nor shall this section be construed to relieve from liability for civil damages any other tortfeasor not referred to herein. When the assistance takes the form of rendering first aid or emergency health care treatment, questions of liability shall be governed by G.S. 90-21.14."

**SECTION 26.(e)** Notwithstanding G.S. 119-59, the Department of Agriculture and Consumer Services shall only issue warnings for the failure of a supplier, pursuant to G.S. 119-58(b), to either attach a tag, label, or other marking to a tank or container that includes the address and contact information of the person supplying liquefied petroleum gas to the system and that identifies whether the tank or container is owned by the supplier, or to conduct a leak test.

**SECTION 26.(f)** This section becomes effective December 1, 2026, and applies to offenses committed on or after that date. Subsection (e) of this section expires December 1, 2027.

**TIME LIMIT FOR DETERMINING NONCOMMERCIAL UNDERGROUND STORAGE TANK DISCHARGE RISK AND REQUIRING FURTHER REMEDIATION FOR CERTAIN LOW-RISK DISCHARGES**

**SECTION 27.(a)** G.S. 143-215.94V is amended by adding a new subsection to read:

"<u>(d1) For noncommercial tanks where the Commission has received the information required by subsection (c) of this section from an owner, operator, or landowner, the Commission shall, 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 from a noncommercial tank, if the Commission fails to notify the owner, operator, or landowner in the required time frame, the Commission shall be prohibited from requiring cleanup, further cleanup, or further action, including filing of a Notice of Residual Petroleum pursuant to G.S. 143B-279.9 and G.S. 143B-279.11, 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 shall produce written findings of fact sufficient to demonstrate an unacceptable level of risk, or a potentially unacceptable level of risk. Nothing in this section shall be construed to impair the Department's and Commission's continuing authority to require cleanup, further cleanup, or further action, including filing of a Notice of Residual Petroleum pursuant to G.S. 143B-279.9 and G.S. 143B-279.11, for noncommercial tanks with discharges determined to be intermediate or high-risk, notwithstanding any requirement of this subsection.</u>"

**SECTION 27.(b)** This section is effective when it becomes law and applies 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 section to notify the owner, operator, or landowner accordingly; and (ii) for all other discharges occurring before 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 five years from the effective date of this section to notify the owner, operator, or landowner accordingly.

**RESTORE FEES FOR COMMERCIAL UNDERGROUND STORAGE TANKS AND NO QUADRENNIAL ADJUSTMENTS**

**SECTION 28.(a)** G.S. 143B-279.19(17) is repealed.

**SECTION 28.(b)** G.S. 143-215.94C reads as rewritten:

"**§ 143-215.94C. Commercial leaking petroleum underground storage tank cleanup fees.**

(a) For purposes of this subsection, each compartment of a commercial underground storage tank that is designed to independently contain a petroleum product is a separate petroleum commercial underground storage tank. The owner or operator of a commercial petroleum underground storage tank shall pay to the Secretary for deposit into the Commercial Fund an annual operating fee of ~~four hundred ninety-eight dollars ($498.00)~~ four hundred twenty dollars ($420.00) for each petroleum commercial underground storage tank.

…

(e) An owner or operator of a commercial underground storage tank who fails to pay an annual operating fee due under this section within 30 days of the date that the fee is due shall pay, in addition to the fee, a late penalty of ~~six dollars ($6.00)~~ five dollars ($5.00) per day per commercial underground storage tank, up to a maximum equal to the annual operating fee due. The Department may waive a late penalty in whole or in part if:

(1) The late penalty was incurred because of the late payment or nonpayment of an annual operating fee by a previous owner or operator.

(2) The late penalty was incurred because of a billing error for which the Department is responsible.

(3) Where the late penalty was incurred because the annual operating fee was not paid by the owner or operator due to inadvertence or accident.

(4) Where payment of the late penalty will prevent the owner or operator from complying with any substantive law, rule, or regulation applicable to underground storage tanks and intended to prevent or mitigate discharges or releases or to facilitate the early detection of discharges or releases.

…."

**SECTION 28.(c)** This section is effective October 1, 2026, and applies to any fees due on or after that date.

**RECOGNITION OF COMBINED WASTEWATER CAPACITY**

**SECTION 29.(a)** Article 21 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"**§ 143-215.1D. Recognition of combined treatment and disposal capacity; coordinated permitting for facilities served by both the Department and the Department of Health and Human Services disposal pathways.**

(a) Definitions. – The following definitions apply to this section:

(1) Combined permitted capacity. – The sum of the treatment and combined discharge and disposal capacity authorized for a single wastewater treatment facility under all permits, approvals, authorizations, or discharge capacity issued or authorized for that facility by the Department and by the Department of Health and Human Services, including capacity authorized under a permit issued under G.S. 143-215.1, or a Department of Health and Human Services permit, and any permit issued under rules adopted by the Environmental Management Commission or the Commission for Public Health.

(2) Combined wastewater treatment facility. – A treatment facility, the effluent from which is discharged, in whole or in part, through a Department permit and, in whole or in part, through a Department of Health and Human Services permit.

(3) Department of Health and Human Services permit. – Any permit, authorization, written confirmation under G.S. 130A-336.1(p2)(2), or process issued or authorized pursuant to Article 11 of Chapter 130A of the General Statutes by the Department of Health and Human Services.

(4) Department permit. – Any permit or authorization issued by the Department under this Article.

(b) Reciprocal Recognition of Permitted Capacity. – For all purposes under this Article and Article 11 of Chapter 130A of the General Statutes, the Department and the Department of Health and Human Services, and the Commission and the Commission for Public Health, shall each recognize and honor a Department permit and a Department of Health and Human Services permit for a combined wastewater treatment facility. Neither Department nor Commission shall disregard, exclude, or decline to credit capacity authorized under a permit issued by the other department, including a Department of Health and Human Services permit, when determining the total permitted treatment and disposal capacity of a wastewater treatment facility, including in any determination of available capacity, any allocation of capacity, any authorization of a sewer system extension, or any imposition or continuation of a sewer system moratorium under G.S. 143-215.1, including subsections (f4) and (f5) of that section. The Department shall recognize and credit capacity attributable to a wastewater dispersal system as described under G.S. 130A-336.1(p2) only upon issuance of written confirmation by the Department of Health and Human Services that the proposed design meets all applicable laws and rules pursuant to that subsection.

(c) Jointly Regulated Wastewater Treatment Facilities with Combined Capacity. – Upon the written request of the owner or operator of a combined wastewater treatment facility that is discharging under a Department of Health and Human Services permit or Department permit, or owner or operator of a wastewater treatment facility that seeks to discharge under a Department of Health and Human Services permit, a permit issued under G.S. 143-215.1, or both, the Department and the Department of Health and Human Services shall authorize a combined permitted capacity equal to the sum of the capacities approved under a Department of Health and Human Services permit or G.S. 143-215.1, less the combined permitted capacity attributable to shared treatment and conveyance components for both systems that may limit the combined system capacity to less than the total capacity authorized for the two systems. The Department shall issue its permit in accordance with applicable laws, and the Department of Health and Human Services shall issue a Department of Health and Human Services permit in accordance with Article 11 of Chapter 130A of the General Statutes and rules adopted thereunder. Permits and authorizations for jointly regulated wastewater treatment facilities shall be subject to all of the following:

(1) Division of regulatory authority. – Each permitting authority shall be responsible only for those portions of the permit that it is authorized by law to regulate. The Department and the Department of Health and Human Services, issuing or authorizing a permit under Article 11 of Chapter 130A of the General Statutes, including a Department of Health and Human Services permit, or G.S. 143-215.1, as applicable, shall have equal and independent regulatory authority within their respective jurisdictions. Neither permitting authority is subordinate to the other, neither has jurisdiction over the other, and neither may permit, regulate, inspect, or enforce in place of the other.

(2) Delineation of jurisdiction. – Each permit shall identify and reference the corresponding permit issued by the other permitting authority and shall clearly

delineate the conditions, components, processes, and portions of the permit that are subject to its jurisdiction and enforcement.

(3) No encroachment. – Neither permitting authority shall encroach upon, assert, or exercise the jurisdiction or enforcement authority of the other. The permitting, compliance, inspection, and enforcement authority of each permitting authority is limited to the portions of the facility and conditions of the permit subject to its jurisdiction.

(4) Severability of permits and conditions. – The conditions of each permit subject to this section are severable from the conditions of the permit issued by the other permitting authority. The enforcement, modification, suspension, revocation, or invalidation of one permit, or of any condition or provision of one permit, shall not affect, invalidate, impair, or render unenforceable the other permit or any condition or provision of the other permit, which shall remain in full force and effect according to its terms.

(5) Construction. – Nothing in this subsection shall be construed to authorize the issuance of a single permit in lieu of the permits otherwise required by law, nor shall it be construed to alter, limit, expand, or transfer the permitting, compliance, inspection, enforcement, or approval authority of the Department or the Department of Health and Human Services.

(d) Substantive Authority Preserved. – Each discharge or disposal shall remain subject to the substantive permitting authority, standards, and rules of the department and commission with jurisdiction over that discharge or disposal.

(e) Sewer System Extension Permits. – The Department shall issue permits, certificates of coverage, and authorizations for the extension of a sewer system to a combined wastewater treatment facility on the basis of the combined permitted capacity of that facility. In determining whether adequate treatment and disposal capacity exists to authorize a sewer system extension, the Department shall credit the full combined permitted capacity of the facility and shall not deny, limit, delay, or condition the permit, certificate of coverage, authorization, or deemed-permitted status on the basis that capacity authorized under a Department of Health and Human Services permit is excluded from, or not counted toward, the available capacity of the facility. This subsection applies to all sewer system extension permits, certificates of coverage, authorizations, and deemed-permitted determinations issued under this Article and under rules adopted by the Commission, including 15A NCAC 02T, and applies to any capacity allocation, capacity-use, or moratorium determination on which authorization of the extension depends.

(f) Standards Preserved. – Nothing in this section authorizes the Department, the Department of Health and Human Services, the Commission, or the Commission for Public Health to reduce, waive, or modify any treatment standard, effluent limitation, groundwater or surface water quality standard, design criterion, setback, or operational requirement otherwise applicable to either disposal pathway. Each discharge authorized under a permit issued pursuant to this section remains subject to the standards, rules, monitoring, and reporting requirements applicable to that discharge.

(g) Coordination. – The Department and the Department of Health and Human Services shall enter into a memorandum of agreement establishing procedures for the reciprocal recognition of capacity required by subsection (b) of this section and for the issuance of permits under subsection (c) of this section, including the allocation of application review responsibilities, fees, and ongoing compliance oversight.

(h) Rules. – The Commission and the Commission for Public Health may adopt temporary and permanent rules to implement this section. Rules adopted under this subsection shall be consistent with the reciprocal recognition required by subsection (b) of this section and shall not impose any requirement that would prevent or delay the crediting of capacity authorized under a permit issued by the other Department."

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

**SECTION 29.(b)** G.S. 130A-336.1 is amended by adding two new subsections to read:

"(p1) Recognition of Combined Capacity. – Capacity authorized by a permit issued under this section, and under a Department of Health and Human Services permit as described under G.S. 143-215.1D(a)(3), shall be recognized and credited as provided in G.S. 143-215.1D. The Department and the Commission for Public Health shall recognize and honor the treatment and discharge capacity authorized for a wastewater treatment facility under a permit issued by the Department of Environmental Quality as provided in G.S. 143-215.1D.

(p2) Large On-Site Wastewater Systems. – A subsurface wastewater dispersal system receiving effluent with a design daily flow greater than or equal to 25,000 gallons per day proposed to be constructed under this section is subject to all of the following:

(1) Department review. – Notwithstanding any other provision of this section, when a wastewater dispersal system receiving effluent is proposed with a design daily flow greater than or equal to 25,000 gallons per day, the Department shall conduct a compliance review of the proposed design to ensure compliance with all applicable laws and rules. The compliance review of the wastewater system may include all supporting engineering, modeling, operational, monitoring, soils, site, hydrogeologic, treatment, and disposal information, as determined by the Department. The Department may request any information or documentation necessary to complete its compliance review. If the submittal is incomplete or does not comply with the applicable laws and rules, the Department shall issue a letter specifically identifying all missing information or the laws and rules with which the submittal does not comply, including specific citations to the applicable laws or rules. The Department shall have 120 days to complete the compliance review, which period shall begin upon the Department's receipt of a completed application, and shall be tolled during periods in which the Department awaits additional information from an applicant necessary to complete the compliance review. If the Department fails to complete the review in the required time frame, the compliance review shall be deemed complete.

(2) Compliance review determination. – Upon completion of a compliance review pursuant to subdivision (1) of this subsection, if the Department finds that the proposed wastewater system complies with all applicable requirements, the Department shall issue written confirmation acknowledging that the proposed design meets all applicable laws and rules. A determination by the Department that a proposed wastewater system does not comply with applicable laws or rules constitutes a final agency decision subject to appeal under G.S. 130A-24 and Article 3 of Chapter 150B of the General Statutes. The provisions of subsection (f) of this section remain effective for systems reviewed by the Department pursuant to this subsection.

(3) Continuing oversight authority. – Recognition of capacity pursuant to subsection (p1) of this section shall not be construed to limit, waive, impair, or extinguish the authority of the Department under this Article, rules adopted pursuant to this Article, or a Department of Health and Human Services permit as described under G.S. 143-215.1D(a)(3). The Department shall retain 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.

(4) Previously issued permits and authorizations. – Any Department of Health and Human Services permit as described under G.S. 143-215.1D(a)(3) that is relied upon for purposes of establishing combined permitted capacity in accordance with Article 21 of Chapter 143 of the General Statutes shall remain subject to review by the Department of Health and Human Services. The Department may require submission of records, engineering analyses, operational data, monitoring results, maintenance records, and other information reasonably necessary to verify compliance and available capacity.

(5) Condition of capacity recognition. – Capacity authorized under this Article shall not be credited toward combined permitted capacity unless the Department determines that the permit or authorization remains valid and that the system is operating in substantial compliance with applicable permit conditions, operational requirements, and public health protections."

**SECTION 29.(c)** The memorandum of agreement between the Department of Environmental Quality and Department of Health and Human Services required under subsection (g) of G.S. 143-215.1D, as enacted by subsection (a) of this section, shall be executed no later than October 31, 2026.

**SECTION 29.(d)** This section is effective October 31, 2026.

**GUARANTEED ENERGY SAVINGS CONTRACTS – REFORM AND RECODIFICATION**

**SECTION 30.(a)** Article 3B of Chapter 143 of the General Statutes is amended by adding a new Part 3 to be entitled "Guaranteed Energy Savings Contracts."

**SECTION 30.(b)** The following provisions are recodified in Part 3 of Article 3B of Chapter 143 of the General Statutes, as created by subsection (a) of this section, as set forth in the table below:

| Former Citation | Recodified Citation |
|---|---|
| G.S. 143-64.17B | G.S. 143-64.18B |
| G.S. 143-64.17D | G.S. 143-64.18D |
| G.S. 143-64.17E | G.S. 143-64.18E |
| G.S. 143-64.17F | G.S. 143-64.18F |
| G.S. 143-64.17G | G.S. 143-64.18J |
| G.S. 143-64.17H | G.S. 143-64.18K |

**SECTION 30.(c)** Part 3 of Article 3B of Chapter 143 of the General Statutes, as created by subsection (a) of this section, as amended by subsection (b) of this section, reads as rewritten:

"Part 3. Guaranteed Energy Savings Contracts.

"**§ 143-64.18A. Solicitation of guaranteed energy savings contracts.**

(a) RFQ Issuance. – Before entering into a guaranteed energy savings contract, a governmental unit shall issue a request for qualifications. Notice of the request shall be published at least 15 days in advance of the closing date for receipt of qualifications on a State-maintained electronic procurement portal accessible to the public and, in the case of a local governmental unit, in at least one newspaper of general circulation in the geographic area for which the local governmental unit is responsible or on the unit's publicly accessible website.

(b) Minimum Content of RFQ. – The request for qualifications shall include, at a minimum, each of the following:

(1) The name and address of the governmental unit and a contact person.

(2) A general description of the facilities and scope of energy conservation measures being considered.

(3) The evaluation criteria and relative criteria weighting to be applied in the selection process.

(4) The closing date and time for receipt of qualifications.

(5) A statement reserving the right of the governmental unit to reject any or all responses.

(c) Criteria for Selection of Provider. – The governmental unit shall select the qualified provider that it determines to best meet the needs of the governmental unit by evaluating all of the following and following the procedures set forth in this section:

(1) Demonstrated competence of the qualified provider.

(2) The qualified provider's past performance on energy savings projects.

(3) For State governmental units, the inclusion of a provision in a guaranteed energy savings contract that requires the annual measurement and verification review to be conducted by an impartial third party whose compensation is included in the total cost of the proposed contract.

(4) Any other criteria stated in the request for qualifications.

(d) Initial Evaluation; Shortlist. – The governmental unit shall evaluate responses to the request for qualifications and develop a shortlist of the most highly qualified respondents based on the criteria set forth in subsection (c) of this section. If only one response is received from a qualified provider, the governmental unit may proceed with the evaluation and selection of that provider without resolicitation, provided that the governmental unit makes a written determination that resolicitation is unlikely to increase competition. The determination shall state the basis for that conclusion and shall be included in the public award file. For State governmental units, if only one response is received, the State Energy Office shall concur in the determination before the governmental unit may select the qualified provider.

(e) Ranking; Selection. – A qualified reviewer shall review the shortlisted respondents' qualifications and provide the governmental unit with a written evaluation addressing, at a minimum, any material concerns regarding the respondents' ability to perform. The governmental unit shall then rank the shortlisted respondents, select the highest-ranked qualified provider, and negotiate the terms of a guaranteed energy savings contract. If negotiations with the highest-ranked provider are unsuccessful, the governmental unit may proceed to the next-ranked provider.

(f) Investment Grade Audit. – Prior to entering into a guaranteed energy savings contract under this section, the qualified provider selected by the governmental unit shall conduct an investment grade audit that includes a life cycle cost analysis of each energy conservation measure in the final proposal.

(g) Qualified Reviewer; Final Evaluation. – Prior to a State governmental unit's award of a guaranteed energy savings contract under this section, the qualified reviewer shall review the qualified provider's final proposal and the terms of the negotiated contract and shall provide the governmental unit with a written evaluation addressing whether the negotiated scope is materially consistent with the qualifications and approach presented in the RFQ response, whether the savings methodology remains technically sound, and whether any changes introduced during the negotiation materially affect the projected savings or risk profile.

(h) State Energy Office Review. – The State Energy Office shall review the qualified provider's proposal, cost-benefit analysis, and other relevant documents prior to the governmental unit entering a guaranteed energy savings contract. For State governmental units, the State Energy Office shall complete its review within 10 business days of receiving the proposal. The State Energy Office shall advise the governmental unit on the suitability of the proposed guaranteed energy savings contract. However, if the State Energy Office identifies in the proposal any instances of noncompliance with the requirements of this Article, the State Energy Office shall notify the governmental unit of such noncompliance. A governmental unit may not enter into the proposed guaranteed energy savings contract until the State Energy Office has determined the proposal to be in compliance with this Article.

(i) Governmental Unit Authority Preserved. – Nothing in this section shall limit the authority of the governmental unit as set forth in Article 3D of this Chapter.

"**§ 143-64.18B. Guaranteed energy savings contracts.**

(a) A governmental unit may enter into a guaranteed energy savings contract with a qualified provider if all of the following apply:

(1) The term of the contract does not exceed 20 years from the date of the installation and acceptance by the governmental unit of the energy conservation measures provided for under the contract.

(2) The governmental unit finds that the energy savings resulting from the performance of the contract will equal or exceed the total cost of the contract.

(3) The energy conservation measures to be installed under the contract are for an existing building or utility system, or utility consuming device or equipment when the utility cost is paid by the governmental unit.

(b) Before entering into a guaranteed energy savings contract, the governmental unit shall provide published notice of the time and place or of the meeting at which it proposes to award the contract, the names of the parties to the proposed contract, and the contract's purpose. The notice must be published at least 15 days before the date of the proposed award or meeting.

(c) A qualified provider entering into a guaranteed energy savings contract under this Part shall provide security to the governmental unit in the form acceptable to the Office of the State Treasurer and in an amount equal to one hundred percent (100%) of the guaranteed savings for the term of the guaranteed energy savings contract to assure the provider's faithful performance. Any bonds required by this subsection shall be subject to the provisions of Article 3 of Chapter 44A of the General Statutes. If the savings resulting from a guaranteed energy savings contract are not as great as projected under the contract and all required shortfall payments to the governmental unit have not been made, the governmental unit may terminate the contract without incurring any additional obligation to the qualified provider.

(d) As used in this section, "total cost" shall include, but not be limited to, costs of construction, costs of financing, and costs of maintenance and training during the term of the contract less the application of the utility company, State, or federal incentives, grants, ~~or rebates.~~ rebates, or capital funding. "Total cost" does not include any obligations on termination of the contract before its expiration, provided that those obligations are disclosed when the contract is executed.

(e) A guaranteed energy savings contract may not require the governmental unit to purchase a maintenance contract or other maintenance agreement from the qualified provider who installs energy conservation measures under the contract if the unit of government takes appropriate action to budget for its own forces or another provider to maintain new systems installed and existing systems affected by the guaranteed energy savings contract.

~~(f) In the case of a State governmental unit, a qualified provider shall, when feasible, after the acceptance of the proposal of the qualified provider by the State governmental unit, conduct an investment grade audit. During this investment grade audit, the qualified provider shall perform in accordance with Part 1 of this Article a life cycle cost analysis of each energy conservation measure in the final proposal. If the results of the audit are not within ten percent (10%) of both the guaranteed savings contained in the proposal and the total proposal amount, either the State governmental unit or the qualified provider may terminate the project without incurring any additional obligation to the other party. However, if the State governmental unit terminates the project after the audit is conducted and the results of the audit are within ten percent (10%) of both the guaranteed savings contained in the proposal and the total proposal amount, the State governmental unit shall reimburse the qualified provider the reasonable cost~~

~~incurred in conducting the audit, and the results of the audit shall become the property of the State governmental unit.~~

(g) A qualified provider shall provide an annual reconciliation statement based upon the results of the measurement and verification review. The statement shall disclose any shortfalls or surplus between guaranteed energy and operational savings specified in the guaranteed energy savings contract and actual, not stipulated, energy and operational savings incurred during a given guarantee year. Any guaranteed energy and operational savings shall be determined by using one of the measurement and verification methodologies listed in the United States Department of Energy's Measurement and Verification Guidelines for Energy Savings Performance Contracting, the International Performance Measurement and Verification Protocol (IPMVP) maintained by the Efficiency Valuation Organization, or Guideline 14-2002 of the American Society of Heating, Refrigerating, and Air-Conditioning Engineers. If due to existing data limitations or the nonconformance of specific project characteristics, none of the three methodologies listed in this subsection is sufficient for measuring guaranteed savings, the qualified provider shall develop an alternate method that is compatible with one of the three methodologies and mutually agreeable to the governmental unit. The guarantee year shall consist of a 12-month term commencing from the time that the energy conservation measures become fully operational. A qualified provider shall pay the governmental unit or its assignee any shortfall in the guaranteed energy and operational savings after the total year savings have been determined. In the case of a governmental unit, a surplus in any one year shall not be carried forward or applied to a shortfall in any other year.

…."

**GUARANTEED ENERGY SAVINGS CONTRACTS – CONFORMING CHANGES**

**SECTION 31.(a)** The following statutes are amended by deleting the language "Part 2 of Article 3B" wherever it appears and substituting "Part 3 of Article 3B": G.S. 115C-47, 115D-20, 133-4.1, 143-129.4, and 143-135.37.

**SECTION 31.(b)** G.S. 160A-20 is amended by deleting the language "Part 2 of Article 3B" wherever it appears and substituting "Article 3B."

**SECTION 31.(c)** G.S. 143-64.12 is amended by deleting the language "Part 2 of this Article" wherever it appears and substituting "Part 3 of this Article."

**SECTION 31.(d)** The following statutes are amended by deleting the language "G.S. 143-64.17A" wherever it appears and substituting "G.S. 143-64.18A": G.S. 142-61 and G.S. 142-63.

**SECTION 31.(e)** G.S. 159-151 is amended by deleting the language "G.S. 143-64.17A(a1)" wherever it appears and substituting "G.S. 143-64.18A(a1)."

**SECTION 31.(f)** G.S. 143-64.17K is amended by deleting the language "G.S. 143-64.17A(c1)" wherever it appears and substituting "G.S. 143-64.18A(c1)."

**SECTION 31.(g)** G.S. 142-63 is amended by deleting the language "G.S. 143-64.17B" wherever it appears and substituting "G.S. 143-64.18B."

**SECTION 31.(h)** G.S. 143-64.17L is amended by deleting the language "G.S. 143-64.17B(d)" wherever it appears and substituting "G.S. 143-64.18B(d)."

**SECTION 32.(a)** G.S. 143-64.17 reads as rewritten:

"Part 2. Energy Saving Measures for Governmental Units.

"**§ 143-64.17. Definitions.**

As used in this ~~Part:~~<u>Part and Part 3 of this Article:</u>

…

~~(6) "Request for proposals" means a negotiated procurement initiated by a governmental unit by way of a published notice that includes the following:~~

~~a. The name and address of the governmental unit.~~

b. ~~The name, address, title, and telephone number of a contact person in the governmental unit.~~

c. ~~Notice indicating that the governmental unit is requesting qualified providers to propose energy conservation measures through a guaranteed energy savings contract.~~

d. ~~The date, time, and place where proposals must be received.~~

e. ~~The evaluation criteria for assessing the proposals.~~

f. ~~A statement reserving the right of the governmental unit to reject any or all the proposals.~~

g. ~~Any other stipulations and clarifications the governmental unit may require.~~

(7) "State governmental unit" means the State or a department, an agency, a board, or a commission of the State, including the Board of Governors of The University of North Carolina and its constituent institutions."

**SECTION 32.(b)** G.S. 143-64.17A is repealed.

**SECTION 32.(c)** The following statutes are amended by deleting the word "Part" wherever it appears and substituting the word "Article": G.S. 143-64.17I, 143-64.17J, 143-64.17K, and 143-64.17L.

**SECTION 33.** The Department of Environmental Quality shall adopt temporary rules to implement Sections 30 through 32 of this act and shall adopt permanent rules to replace the temporary rules. Temporary rules adopted in accordance with this section shall remain in effect until permanent rules that replace the temporary rules become effective.

**MINING PERMIT MODIFICATIONS**

**SECTION 34.(a)** G.S. 74-49 reads as rewritten:

"**§ 74-49. Definitions.**

Wherever used or referred to in this Article, unless a different meaning clearly appears from the context:

…

(7) "Mining" means any of the following: (i) the breaking of the surface soil in order to facilitate or accomplish the extraction or removal of minerals, ores, or other solid matter; (ii) 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; or (iii) 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.

"Mining" does not include:

…

h. Activities undertaken at any time within the mine permit boundaries 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. This exemption shall not, however, apply to any undisturbed property.

…."

**SECTION 34.(b)** G.S. 74-50 reads as rewritten:

"**§ 74-50. Permits – General.**

…

(b2) The notice shall inform the owners of record and chief administrative officers of the opportunity to submit written comments to the Department regarding the proposed new or modified mining operation that adds land to the permitted area and the opportunity to request a public hearing regarding the proposed new or modified mining operation. Requests for public hearing shall be made within 30 days of issuance of the ~~notice.~~notice or receipt of the application by the Department, whichever is later.

…

(c) No permit shall become effective until the operator has deposited with the Department an acceptable performance bond or other security pursuant to G.S. 74-54.

(1) If at any time the bond or other security, or any part thereof, shall lapse for any reason ~~other than a release by the Department,~~ excluding cancellation of the bond by the surety, and the lapsed bond or security is not replaced by the operator within 30 days after notice of the lapse, the permit to which the lapsed bond or security pertains shall be automatically revoked.

(2) If the Department is noticed of pending cancellation of a bond by the surety pursuant to G.S. 74-54(a) and the bond is not replaced within 45 days of the Department's receipt of the notice, the permit to which the bond or security pertains shall be automatically revoked.

…

(e) Public comment periods and time frames for conducting public hearings as established by this Article shall not be extended nor altered by the Department. When the Department holds a public hearing pursuant to G.S. 74-51(c), the 60-day technical review period established in G.S. 74-51(b1) shall not conclude until either 30 days following the public hearing or the original 60-day technical review period, whichever is later."

**SECTION 34.(c)** G.S. 74-51 reads as rewritten:

"**§ 74-51. Permits – Application, granting, conditions.**

…

(b) Before deciding whether to grant a new permit, the Department shall circulate copies of a notice of application for review and comment as it deems advisable. The Department shall 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.~~ possible. Priority consideration shall be given to applicants who submit evidence that the mining proposed will be for the purpose of supplying materials to the Board of Transportation. In accordance with G.S. 143B-279.18, except to the extent required by federal or State law, the Department shall 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. For purposes of this section, failure to obtain a permit, authorization, or certification shall not include denial of the permit, authorization, or certification by the Department based on the standards for approval of the permit, authorization, or certification provided by law.

(b1) The Department shall act on a permit application as quickly as possible. The Department may conduct any inquiry or investigation it considers necessary before acting on an application and may require an applicant to submit plans, specifications, and other information the Department considers necessary to evaluate the application. If the Department fails to act on an application for a new, modified, or transferred mining permit as specified in this subsection after the applicant submits all information required by the Department, the application shall be deemed approved without modification. The following provisions apply:

(1) The Department shall perform an administrative review of an application and of a resubmittal of an application determined to be incomplete under subdivision (3) of this subsection within 10 working days of receipt to determine if the information is administratively complete. If complete, the Department shall issue a receipt letter or electronic response stating that the

application is complete and that a 60-calendar day technical review period has started as of the original date the application was received. If required items or information is not included, the application shall be deemed incomplete, and the Department shall issue an application receipt letter or electronic response identifying the information required to complete the application package before the technical review begins. When the required information is received, the Department shall then issue a receipt letter or electronic response specifying that it is complete and that the 60-calendar day technical review period has started as of the date of receipt of all required information. The Department shall develop an application package checklist identifying the items and information required for an application to be considered administratively complete.

(2) If, during the 60-calendar day technical review period, the Department determines that the application meets the standards for issuance of a new, modified, or transferred mining permit, it shall approve the application.

(3) If, during the 60-calendar day technical review period, the Department determines that additional information is required to continue processing the application, the Department and the applicant shall comply with the following:

a. The Department shall issue a letter or electronic response with a list of the additional information required to issue the permit.

b. The applicant shall have up to 180 calendar days from the date the letter or electronic response is sent to submit the additional information to the Department.

c. If the applicant is unable to provide the required information within the time frame specified in sub-subdivision b. of this subdivision, the applicant may request, with good cause, that a one-year extension be granted by the Department; if the one-year extension granted by the Department is insufficient, the applicant may then request another one-year extension granted by the Mining Commission.

d. If the applicant fails to provide the required information within 180 calendar days or within any extensions granted by the Department and Commission pursuant to sub-subdivision c. of this subdivision, the Department shall return the application to the applicant, the application is deemed denied, and the applicant must resubmit a complete application with a new application fee before the project may be reviewed.

e. Upon receipt of the required information from the applicant, the Department shall have 45 calendar days to complete the subsequent technical review and issue the permit, issue the permit with modifications, deny the permit, or issue a letter or electronic response with a list of additional information required to continue processing the application, and the review process will proceed in accordance with sub-subdivision b. or c. of this subdivision, as applicable.

f. After issuing a letter or electronic response requesting additional information under this subdivision, the Department shall not subsequently request additional information that was not previously identified as missing or required in that additional information letter or electronic response. 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 response provided pursuant to sub-subdivision b. or c. of this subdivision, as applicable.

g. 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 shall not deny the permit because of the missing information. This prohibition on permit denial shall not apply where an application was deemed denied under sub-subdivision d. of this subdivision.

…

(d) The Department may deny the permit upon finding:

…

(7) That the applicant or any parent, subsidiary, or other affiliate of the applicant or parent has not been in substantial compliance with this Article, rules adopted under this Article, or other laws or rules of this State for the protection of the environment or has not corrected all violations that the applicant or any parent, subsidiary, or other affiliate of the applicant or parent may have committed under this Article or rules adopted under this Article and that resulted in:

a. Revocation of a permit,

b. Forfeiture of part or all of a bond or other security,

c. Conviction of a misdemeanor under G.S. 74-64,

d. Any other court order issued under G.S. 74-64, or

e. Final assessment of a civil penalty under G.S. 74-64, [or]

~~f. Failure to pay the application processing fee required under G.S. 74-54.1.~~

(8) That the applicant failed to pay the application processing fee required by G.S. 74-54.1 within 30 days of receipt of the application by the Department.

…

(h) Upon approval of an application, the Department shall set the amount of the performance bond or other security that is to be required pursuant to G.S. 74-54. The operator shall have 60 days after the Department mails a notice of the required bond to the operator in which to deposit the required bond or security with the ~~Department.~~ Department or the permit application will be automatically denied. The operating permit shall not be issued until receipt of this deposit.

…."

**SECTION 34.(d)** This section becomes effective October 1, 2026, and applies to permit applications filed on or after that date.

**EXEMPT CERTAIN COMPOST FACILITIES FROM FINANCIAL ASSURANCE REQUIREMENTS**

**SECTION 35.(a)** G.S. 130A-295.2 is amended by adding a new subsection to read:

"(k) An owner or operator of a permitted Small or Large Type 1 or Type 2 compost facility shall be exempt from financial assurance requirements under this section."

**SECTION 35.(b)** This section becomes effective December 1, 2026.

**ALIGN STATUTORY REFERENCE WITH PRESIDENTIAL EXECUTIVE ORDER 14172**

**SECTION 36.** G.S. 143-215.94BB(7) reads as rewritten:

"(7) "Offshore waters" shall include both the territorial sea extending seaward from the coastline of North Carolina or any other coastal state bordering the Atlantic Ocean, including the ~~Gulf of Mexico,~~ Gulf of America, and the exclusive economic zone extending seaward from the territorial sea of each such state."

**MOVE ARBOR WEEK FROM MARCH TO NOVEMBER**

**SECTION 37.** G.S. 103-6 reads as rewritten:

"**§ 103-6. Arbor Week.**

The week in ~~March~~ November of each year containing ~~March~~ November 15 is hereby designated as Arbor Week in North Carolina."

**ON-SITE WASTEWATER PRODUCTS FOR STORMWATER**

**SECTION 39.** The Department of Environmental Quality shall approve for use as a new stormwater technology any prefabricated permeable block panel system approved for use in the State, as defined in G.S. 130A-343(a)(6a). In developing Minimum Design Criteria for this technology, the Department shall ensure that the MDC follows the manufacturer's installation and service requirements as closely as possible while still complying with federal requirements. When utilized in traffic-rated areas, a person licensed as a professional engineer pursuant to Chapter 89C of the General Statutes may use the approved prefabricated permeable block panel system upon a showing that the system meets H-20 structural loading requirements. For the purposes of this section, "traffic-rated areas" does not include Department of Transportation rated areas but does include driveways and private parking areas with impervious or pervious pavement areas.

**H162 TECHNICAL CORRECTION**

**SECTION 40.** Section 2 of S.L. 2026-39 is repealed.

**PART IV. LAND USE AND HOUSING AFFORDABILITY REFORMS**

**SITE-SPECIFIC VESTING PLAN CHANGES**

**SECTION 41.(a)** G.S. 160D-108.1 reads as rewritten:

"**§ 160D-108.1. Vested rights – site-specific vesting plans.**

…

(c) Approval and Amendment of Plans. – If a site-specific vesting plan is based on an approval required by a local development regulation, the local government shall provide whatever notice and hearing is required for that underlying approval. A duration of the underlying approval that is less than ~~two~~ five years does not affect the duration of the site-specific vesting plan established under this section. If the site-specific vesting plan is not based on ~~such an approval,~~ an approval required by a development regulation, a legislative hearing with notice as required by G.S. 160D-602 shall be held.

A local government may approve a site-specific vesting plan upon any terms and conditions that may reasonably be necessary to protect the public health, safety, and welfare. Conditional approval results in a vested right, although failure to abide by the terms and conditions of the approval will result in a forfeiture of vested rights. A local government shall not require a landowner to waive the landowner's vested rights as a condition of developmental approval. A site-specific vesting plan is deemed approved upon the effective date of the local government's decision approving the plan or another date determined by the governing board upon approval. An approved site-specific vesting plan and its conditions may be amended with the approval of the owner and the local government as follows: any substantial modification must be reviewed and approved in the same manner as the original approval; minor modifications may be approved by staff, if ~~such~~ the modifications are defined and authorized by local regulation.

…

(e) Duration and Termination of Vested Right. –

(1) A vested right for a site-specific vesting plan remains vested for a period of ~~two~~ five years. This vesting shall not be extended by any amendments or modifications to a site-specific vesting plan unless expressly provided by the local government.

(2) Notwithstanding the provisions of subdivision (1) of this subsection, a local government may provide for rights to be vested for a period exceeding ~~two~~ five years but not exceeding ~~five~~ eight years where warranted in light of all relevant circumstances, including, but not limited to, the size and phasing of development, the level of investment, the need for the development, economic cycles, and market conditions or other considerations. These determinations are in the sound discretion of the local government and shall be made following the process specified for the particular form of a site-specific vesting plan involved in accordance with subsection (a) of this section.

(3) Upon issuance of a building permit, the provisions of G.S. 160D-1111 and G.S. 160D-1115 apply, except that a permit does not expire and shall not be revoked because of the running of time while a vested right under this section is outstanding.

(4) A right vested as provided in this section terminates at the end of the applicable vesting period with respect to buildings and uses for which no valid building permit applications have been filed.

(f) Subsequent Changes Prohibited; Exceptions. –

(1) A vested right, once established as provided for in this section, precludes any ~~zoning action~~ development regulation 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, except under one or more of the following conditions:

a. With the written consent of the affected landowner.

b. Upon findings, by ordinance after notice and an evidentiary hearing, that natural or man-made hazards on or in the immediate vicinity of the property, if uncorrected, would pose a serious threat to the public health, safety, and welfare if the project were to proceed as contemplated in the site-specific vesting plan.

c. To the extent that the affected landowner receives compensation for all costs, expenses, and other losses incurred by the landowner, including, but not limited to, all fees paid in consideration of financing, and all architectural, planning, marketing, legal, and other consulting fees incurred after approval by the local government, together with interest as provided under G.S. 160D-106. Compensation shall not include any diminution in the value of the property which is caused by the action.

d. Upon findings, by ordinance after notice and an evidentiary hearing, that the landowner or the landowner's representative intentionally supplied inaccurate information or made material misrepresentations that made a difference in the approval by the local government of the site-specific vesting plan or the phased development plan.

e. ~~Upon the enactment or promulgation of a~~ As required by State or federal law or regulation that precludes development as contemplated in the site-specific vesting plan or the phased development plan, in which case the local government may modify the affected provisions, upon a finding that the change in State or federal law has a fundamental effect on the plan, by ordinance after notice and an evidentiary hearing.

(2) The establishment of a vested right under this section ~~does not preclude~~ precludes the application of overlay zoning or other development regulations which impose additional requirements but do not affect the allowable type or intensity of use, or ordinances or regulations which are general in nature and are applicable to all property subject to development regulation by a local government, including, but not limited to, building, fire, plumbing, electrical, and mechanical codes. Otherwise applicable new development regulations become effective with respect to property which is subject to a site-specific vesting plan upon the expiration or termination of the vesting rights period provided for in this section.

(3) Notwithstanding any provision of this section, the establishment of a vested right does not preclude, change, or impair the authority of a local government to adopt and enforce development regulations governing ~~nonconforming situations or uses.~~nonconformities.

…."

**SECTION 41.(b)** This section is effective when it becomes law and applies to permit applications filed and appeals filed on or after that date.

**TOLL DISCONTINUANCE PERIOD FOR VESTED RIGHTS DURING EMERGENCY DECLARATIONS**

**SECTION 42.** G.S. 160D-108 reads as rewritten:

"**§ 160D-108. Permit choice and vested rights.**

…

(d) Duration of Vesting. – Upon issuance of a development permit, the statutory vesting granted by subsection (c) of this section for a development project is effective upon filing of the application in accordance with G.S. 143-755, for so long as the permit remains valid pursuant to law. Unless otherwise specified by this section or other statute, local development permits expire one year after issuance unless work authorized by the permit has substantially commenced. A local land development regulation may provide for a longer permit expiration period. For the purposes of this section, a permit is issued either in the ordinary course of business of the applicable governmental agency or by the applicable governmental agency as a court directive.

Except where a longer vesting period is provided by statute or land development regulation, the statutory vesting granted by this section, once established, expires for an uncompleted development project if development work is intentionally and voluntarily discontinued for a period of not less than 24 consecutive months, and the statutory vesting period granted by this section for a nonconforming use of property expires if the use is intentionally and voluntarily discontinued for a period of not less than 24 consecutive months. The 24-month discontinuance period is automatically tolled during ~~the~~ any of the following:

(1) 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 granted by this section.

(2) ~~The 24-month discontinuance period is also tolled during the~~ The pendency of any litigation involving the development project or property that is the subject of the vesting.

(3) The duration of any emergency declaration issued under G.S. 166A-19.20 or G.S. 166A-19.22 for which the defined emergency area includes the property, in whole or in part.

…."

**RESIDENTIAL RIGHT OF USE IN COMMERCIAL ZONING DISTRICTS**

**SECTION 43.** Article 7 of Chapter 160D of the General Statutes is amended by adding a new section to read:

"**§ 160D-703.1. Residential right of use in commercial districts.**

(a) Residential Right of Use in Commercial Districts. – A local government zoning regulation shall allow all of the following as a use by right on property undergoing redevelopment, except for properties that are on or adjacent to sites with known contamination that have not been remediated, in all areas zoned for nonagricultural commercial, business, or light industrial use:

(1) The siting of buildings and structures subject to the North Carolina Residential Code.

(2) The siting of multifamily housing structures with more than four residential dwelling units.

(3) Buildings and structures containing both residential dwelling units and nonresidential uses, provided that only the residential component of any such building or structure is a use by right, regardless of whether the nonresidential component requires a permit, special use authorization, or other approval.

(b) Limitation on Height Restrictions. – A zoning regulation under subsection (a) of this section shall not establish a maximum building height of less than 60 feet.

(c) Definitions. – For purposes of this section, "redevelopment" means the demolition and reconstruction of, or rehabilitation and improvement of, an existing structure or structures on a parcel, or the clearing and new construction on a parcel that contains or previously contained an impervious surface, building, or other structure associated with a prior use. Redevelopment does not include the construction of a new primary structure on a vacant parcel that has never been developed.

(d) Applicability. – This section applies only to cities with a population of 80,000 or greater that are 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**

**SECTION 44.(a)** Part 1 of Article 9 of Chapter 160D of the General Statutes is amended by adding a new section to read:

"**§ 160D-917. Accessory dwelling units.**

(a) A local government shall allow the development of at least one accessory dwelling unit which conforms to the North Carolina Residential Code, including applicable provisions from fire prevention codes, for each single-family detached dwelling in areas zoned for residential use that allow for development of single-family detached dwellings. An accessory dwelling unit may be built or sited concurrently or after the primary single-family detached dwelling has been constructed or sited. Nothing in this section shall prohibit a local government from permitting accessory dwelling units in any area not otherwise required under this section.

(b) In permitting accessory dwelling units under this section, a local government shall not do any of the following:

(1) Prohibit the use of the primary single-family detached dwelling and the accessory dwelling for long-term rentals by separate households.

(2) Require placement in a conditional zoning district.

(3) Establish minimum parking requirements or other parking restrictions, including imposition of additional parking requirements where an existing structure is converted for use as an accessory dwelling unit.

(4) Prohibit the connection of the accessory dwelling unit to existing utilities systems serving the primary single-family detached dwelling, provided the

utility service to that primary single-family detached dwelling has capacity to serve both dwellings.

(5) Charge any fees in excess of those charged for the permitting of a single-family detached dwelling similar in nature.

(6) Set a maximum accessory dwelling unit size of less than 800 square feet or greater than 1,000 square feet.

(c) A local government may do any of the following:

(1) Impose a setback minimum for accessory dwelling units of 10 feet or the setback minimum imposed generally upon lots in the same zoning classification, whichever is less.

(2) Require that accessory dwelling units be located to the side or rear of the primary single-family detached dwelling.

(3) Require that accessory dwelling units be smaller than the primary single-family detached dwelling.

(d) Except as otherwise provided in this section, a local government may regulate accessory dwelling units pursuant to this Chapter and nothing in this section shall be construed to impair the authority of a local government to adopt and enforce ordinances pursuant to Part 2 of this Article to comply with State and federal law, rules, and regulations, or permits consistent with the interpretations and directions of the State or federal agency issuing the permit.

(e) Nothing in this section shall apply to any of the following:

(1) The validity or enforceability of private covenants or other contractual agreements among property owners related to dwelling type restrictions.

(2) Properties located in a historic preservation district established pursuant to Part 4 of this Article.

(3) Properties designated as a National Historic Landmark by the United States Department of the Interior.

(4) An accessory dwelling unit that is not connected to water, well and septic, and sewer.

(f) After an accessory dwelling unit has been permitted for construction on a parcel, the parcel may not be further subdivided such that the accessory dwelling unit would be located on a different parcel than the primary single-family detached dwelling.

(g) For the purposes of this section, the term "accessory dwelling unit" means an attached or detached residential structure that is used in connection with, or that is an 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.

(h) This section applies 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."

**SECTION 44.(b)** A local government that has enacted an ordinance that meets the requirements of this section and G.S. 160D-917, as enacted by this section, is not required to adopt a new ordinance.

**SECTION 44.(c)** Local governments shall adopt development regulations to implement the provisions in this section no later than July 1, 2027. If a local government fails to adopt development regulations as required by this section by July 1, 2027, accessory dwelling units shall be allowed in that local government without any limitations.

**SECTION 44.(d)** Subsection (a) of this section becomes effective January 15, 2027, and applies to applications for accessory dwelling unit permits on or after that date. The remainder of this section is effective when it becomes law.

**IMPLEMENTATION OF CODE CHANGES FOR USE OF CERTAIN INSULATION IN WALLS**

**SECTION 45.(a)** Definitions. – As used in this section, "Code" means the current North Carolina State Building Code collection, and amendments to the Code, as adopted by the Council. For purposes of this section and its implementation, "R402 Rules" means provisions and tables within Section 402, Building Thermal Envelope, North Carolina – Residential Provisions, of the North Carolina Energy Conservation Code. As used in this section, "Council" means the Building Code Council and the Residential Code Council.

**SECTION 45.(b)** R402 Rules Amendment. – Until the effective date of the rules to amend the Code that the Council is required to adopt pursuant to subsection (d) of this section, the Council and local governments enforcing the Code shall follow the provisions of subsection (c) of this section as it relates to the R402 Rules within the North Carolina Energy Conservation Code.

**SECTION 45.(c)** Implementation. – Where Table R402.1.2, Insulation and Fenestration Requirements by Component, within the R402 Rules, require wood frame wall R-values, 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, shall be 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.

**SECTION 45.(d)** Additional Rulemaking Authority. – The Council shall adopt rules to amend the R402 Rules to be consistent with subsection (c) of this section. Notwithstanding G.S. 150B-19(4), the rule adopted by the Council pursuant to this section shall be substantively identical to the provisions of subsection (c) of this section. Rules adopted pursuant to this section are not subject to Part 3 of Article 2A of Chapter 150B of the General Statutes. Rules adopted pursuant to this section shall become effective as provided in G.S. 150B-21.3(b1), as though 10 or more written objections had been received as provided in G.S. 150B-21.3(b2).

**SECTION 45.(e)** Sunset. – This section expires when permanent rules adopted as required by subsection (d) of this section become effective.

**AMEND ENERGY RATING INDEX COMPLIANCE ALTERNATIVE**

**SECTION 46.(a)** Definitions. – As used in this section, "Code" means the current North Carolina State Building Code collection, and amendments to the Code, as adopted by the Council. For purposes of this section and its implementation, "R406 Rules" means provisions and tables within Section 406, Energy Rating Index Compliance Alternative, North Carolina – Residential Provisions, of the North Carolina Energy Conservation Code. As used in this section, "Council" means the Building Code Council and the Residential Code Council.

**SECTION 46.(b)** R406 Rules Amendment. – Until the effective date of the rules to amend the Code that the Council is required to adopt pursuant to subsection (d) of this section, the Council and local governments enforcing the Code shall follow the provisions of subsection (c) of this section as it relates to the R406 Rules within the North Carolina Energy Conservation Code.

**SECTION 46.(c)** Implementation. – There shall be no requirement that the building thermal envelope meets or exceeds the levels of efficiency and Solar Heat Gain Coefficients in Tables R406.2.1 and R406.2.2, which shall be deleted from the R406 Rules. The minimum standards associated with compliance shall be the ANSI RESNET ICC Standard 301-2022 "Standard for the Calculation and Labeling of the Energy Performance Index of Dwelling and Sleeping Units using an Energy Rating Index."

**SECTION 46.(d)** Additional Rulemaking Authority. – The Council shall adopt rules to amend the R406 Rules to be consistent with subsection (c) of this section. Notwithstanding G.S. 150B-19(4), the rule adopted by the Council pursuant to this section shall be substantively identical to the provisions of subsection (c) of this section. Rules adopted pursuant to this section are not subject to Part 3 of Article 2A of Chapter 150B of the General Statutes. Rules adopted pursuant to this section shall become effective as provided in G.S. 150B-21.3(b1), as though 10 or more written objections had been received as provided in G.S. 150B-21.3(b2).

**SECTION 46.(e)** Sunset. – This section expires when permanent rules adopted as required by subsection (d) of this section become effective.

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

**SECTION 47.(a)** G.S. 87-21 is amended by adding a new subsection to read:

"(c3) Exemptions. – The provisions of this Article shall not apply to:

(1) A person who installs or connects a sanitary sewer line serving a manufactured home, as defined in G.S. 143-143.9(6), if all of the following conditions are met:

a. The sewer line is 3 or 4 inches in diameter and does not exceed 10 linear feet in length.

b. The sewer line connects the manufactured home to an existing septic tank, an existing building sewer, or another existing wastewater system connection point that has been approved by the local health department or other authority having jurisdiction.

c. The work does not include the design, installation, repair, relocation, expansion, replacement, or alteration of the septic tank, drainfield, distribution box, pump tank, or any other component of the wastewater system.

d. The work is performed using materials and installation methods that comply with the North Carolina State Building Code, the North Carolina Regulations for Manufactured Homes adopted by the State Fire Marshal, and Article 11 of Chapter 130A of the General Statutes and rules adopted under the authority of that Article.

e. The work remains subject to all required permits and inspections, and the sewer line is not covered, backfilled, or otherwise concealed until it has been inspected and approved by the authority having jurisdiction.

(2) A person who installs or connects a 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:

a. 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.

b. The work does not include the design, installation, repair, relocation, expansion, replacement, or alteration of an existing water line.

c. The work is performed using materials and installation methods that comply with the North Carolina State Building Code, the North Carolina Regulations for Manufactured Homes adopted by the State Fire Marshal, and Article 10 of Chapter 130A of the General Statutes and rules adopted under the authority of that Article.

d. The work remains subject to all required permits and inspections, and the water line is not covered, backfilled, or otherwise concealed until it has been inspected and approved by the authority having jurisdiction."

**SECTION 47.(b)** This section is effective when it becomes law and applies to work occurring on or after that date.

**AT-RISK BUILDING CHANGES**

**SECTION 48.** G.S. 160D-1110.1 reads as rewritten:

"**§ 160D-1110.1. Commercial and multifamily building permits for applications with sealed plans; third-party plan review alternatives; at-risk building foundation permits; at-risk building structure permits.**

(a) Applicability. – This section applies to commercial and multifamily development project building permit applications that have plans and specifications that are complete and sealed for construction, as applicable, by a professional engineer licensed under Chapter 89C of the General Statutes or an architect licensed under Chapter 83A of the General Statutes.

…

(h) At-Risk Building Permit Options. – At-risk building permit options are available to an eligible building permit applicant that requested and attended a pre-submittal meeting in accordance with subsection (b) of this section to discuss a building project prior to permit application. An eligible permit applicant proceeding with an at-risk permit issued by a local government pursuant to this subsection assumes 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. In accordance with G.S. 160D-108(e), where multiple local development permits are required to complete a development project, a permit issued by a local government pursuant to this subsection is not an initial development permit for purposes of the vesting protections of G.S. 160D-108(e). The following at-risk building permit options are available:

(1) At-risk building foundation permit. – At the time of permit application, an eligible building permit applicant may request an at-risk building foundation permit authorizing a permit applicant to proceed with building foundation ~~construction.~~ construction and any associated trade permit necessary to support the authorized foundation construction. A local government must issue an at-risk building foundation permit and any associated trade permit necessary for the authorized scope of work if a local government determines a permit applicant has submitted all necessary plans and sufficient information, as discussed at a pre-submittal meeting pursuant to subsection (b) of this section, and received all approvals necessary, for building foundation construction and associated trade permit work, notwithstanding that other development approvals from the local government, or other State or federal agencies, for the project have not yet been obtained. For the purposes of this subdivision, a permit applicant must have received an approved erosion and sedimentation control plan in accordance with Article 4 of Chapter 113A of the General Statutes for land-disturbing activity at a building foundation construction site.

…."

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

**SECTION 49.(a)** G.S. 160D-102 is amended by adding three new subdivisions to read:

"(16a) Fee estimate. – A statement projecting all fees that may reasonably be assessed in the fee statement for the applicant's project, including assumptions applied to the category or purpose of the fees to be charged.

(16b) Fee schedule. – A statement of all current fees that may be collected by a local government for the administration and enforcement of provisions set forth in this Chapter and Article 8 of Chapter 162A of the General Statutes and impact fees, facility fees, and other fees authorized by local act, applicable to each project category and purpose, including the data and methodologies used to calculate the fee rates.

(16c) Fee statement. – An itemized statement of any fees applicable to the applicant's particular project pursuant to this Chapter."

**SECTION 49.(b)** Article 4 of Chapter 160D of the General Statutes is amended by adding a new section to read:

"**§ 160D-402.1. Development fee transparency.**

(a) Fee Schedule Publication. – Each local government shall prominently display on the local government's official website the local government's current fee schedules. The local government shall update the website to reflect any changes to fees, rates, or methodologies used to develop fees and rates within 30 days of the adoption of any ordinance amending the fees, rates, or methodologies. Each local government shall submit an annual report of its fee schedule, fee collections, and compliance with this section to the Local Government Commission.

(b) Local Government Commission Report. – The Local Government Commission shall publish and prominently display on the Commission's website a statewide report of local governments' current fee schedules.

(c) Required Disclosure. – Each local government shall provide to the applicant prior to a development approval the current fee schedule and a fee estimate. The local government shall deliver information required under this subsection to the applicant within 10 business days after submission of a completed application. If the project materially changes after the local government has delivered the fee estimate, the local government shall provide a revised estimate within 10 business days of receiving the updated project information. The local government shall not require payment of any fees specified in subsection (a) of this section before the local government provides the estimate.

(d) Final Fee Statement. – Each local government shall provide to the applicant, in writing, a final, binding fee statement of exact fees due when a development approval is issued on the application. The final fee amount may not exceed the most recent estimate provided under subsection (c) of this section, unless the local government adopts a new fee schedule by ordinance.

(e) Enforcement. – An applicant may commence a civil action in superior court of the county in which the applicant's project is located to compel the local government to comply with the requirements of this section. Nothing in this section shall limit any remedy otherwise available under Article 14 of this Chapter."

**SECTION 49.(c)** Nothing in this section shall be construed to limit or otherwise affect the power or authority of a local government to impose fees consistent with its statutory authority or constitutional requirements. This section shall not be construed to require the disclosure of confidential information under G.S. 132-1.2.

**RESIDENTIAL CODE COUNCIL TEMPORARY RULEMAKING AUTHORITY**

**SECTION 50.(a)** G.S. 150B-21.1(a) is amended by adding a new subdivision to read:

"(18) The need for the Residential Code Council to adopt rules amending the 2018 and 2024 North Carolina Residential Code, if the temporary rule is adopted on or after the date the Residential Code Council becomes fully constituted in accordance with the membership requirements of G.S. 143-136.1, as provided in Section 5.12(b)(2) of S.L. 2025-2."

**SECTION 50.(b)** This section is effective when it becomes law and expires two years after the date the Residential Code Council becomes fully constituted in accordance with the membership requirements of G.S. 143-136.1.

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

**SECTION 51.(a)** G.S. 160D-1106 reads as rewritten:

"**§ 160D-1106. Alternate inspection method for ~~component or element.~~components, elements, or home power installations.**

(a) Notwithstanding the requirements of this Article, a local government shall accept and approve, without further responsibility to inspect, a design or other proposal for a ~~component or element~~ component, element, or home power installation in the construction of buildings from an architect licensed under Chapter 83A of the General Statutes or professional engineer licensed under Chapter 89C of the General Statutes provided all of the following apply:

(1) When required by the North Carolina State Building Code, the submission design or other proposal is completed under valid seal of the licensed architect or licensed professional engineer.

(2) Field inspection of the installation or completion of a ~~component or element of the~~ component, element, or home power installation within or connected to a building is performed by a licensed architect or licensed professional engineer or a person under the direct supervisory control of the licensed architect or licensed professional engineer.

(3) The licensed architect or licensed professional engineer under subdivision (2) of this subsection provides the local government with a signed written document certifying that the ~~component or element of the~~ component, element, or home power installation within or connected to a building inspected under subdivision (2) of this subsection is in compliance with the North Carolina State Building Code. The certification required under this subdivision shall be provided by electronic or physical delivery, ~~[and]~~ and its receipt shall be promptly acknowledged by the local government through reciprocal means. The certification shall be made on forms created by the ~~Building Code Council and Residential Code Council~~ responsible Code Council which shall include at least the following:

a. Permit number.

b. Date of field inspection.

c. Type of field inspection.

d. Contractor's name and license number.

e. Street address of the job location.

f. Name, address, and telephone number of the person responsible for the field inspection.

g. A description of the component, element, or home power installation covered by the certification.

(a1) In accepting certifications of inspections under subsection (a) of this section, a local government shall not require information other than that specified in this section.

(b) Upon the acceptance and approval receipt of a signed written document by the local government as required under subsection (a) of this section, notwithstanding the issuance of a certificate of occupancy, the local government, its inspection department, and the inspectors are discharged and released from any liabilities, duties, and responsibilities imposed by this Article with respect to or in common law from any claim arising out of or attributed to the ~~component or element~~ component, element, or home power installation in the construction of the building for which the signed written document was submitted.

(c) With the exception of the requirements contained in subsection (a) of this section, no further certification by a licensed architect or licensed professional engineer is required for any ~~component or element~~ component, element, or home power installation designed and sealed by a licensed architect or licensed professional engineer for the manufacturer of the ~~component or element~~ component, element, or home power installation under the North Carolina State Building Code.

(d) As used in this section, the following definitions apply:

(1) Component. – Any assembly, subassembly, or combination of elements designed to be combined with other components to form part of a building or structure. Examples of a component include an excavated footing trench containing no concrete, a foundation, and a prepared underslab with slab-related materials without concrete. The term does not include a system.

(2) Element. – A combination of products designed to be combined with other elements to form all or part of a building component. The term does not include a system.

(3) Home power installation. – 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.

(4) Responsible Code Council. – Either the Building Code Council or Residential Code Council in accordance with Article 9 of Chapter 143 of the General Statutes."

**SECTION 51.(b)** G.S. 143-143.2 reads as rewritten:

"**§ 143-143.2. Electric wiring of houses, buildings, and structures.**

(a) The electric wiring of houses or buildings for lighting or for other purposes shall conform to the requirements of the North Carolina State Building Code and any other applicable State and local laws.

(b) In order to protect the property of citizens from the dangers incident to defective electric wiring of buildings, it shall be unlawful for any firm or corporation to allow any electric current for use in any newly erected building to be turned on without first having had an inspection made of the wiring by the appropriate official electrical inspector or inspection department and having received from that inspector or department a certificate approving the wiring of such building. It shall be unlawful for any person, firm, or corporation engaged in the business of selling electricity to furnish initially any electric current for use in any building, unless said building shall have first been inspected by the appropriate official electrical inspector or inspection department and a certificate given as required by this subsection.

(c) In the event that there is no legally appointed inspector or inspection department with jurisdiction over the property involved, subsections (a) and (b) of this section shall have no force or effect.

(c1) For the purposes of subsection (b) of this section, an inspection made of the wiring of a "home power installation," as defined in G.S. 160D-1106(d), may be conducted in accordance with G.S. 160D-1106.

(d) As used in this section, "building" includes any structure."

**SECTION 51.(c)** By July 1, 2027, the Residential Code Council shall develop a home power installation work certification as required by G.S. 160D-1106, as amended by subsection (a) of this section, and make it available on the Office of the State Fire Marshal's website.

**SECTION 51.(d)** The Residential Code Council may adopt or amend rules to implement provisions enacted by this section, to become effective July 1, 2027.

**SECTION 51.(e)** Subsections (a) and (b) of this section become effective July 1, 2027. The remainder of this section is effective when it becomes law.

**AUTHORITY FOR LANDLORDS OF MOBILE HOME PARKS SITED PRIOR TO 1989 TO BILL TENANTS FOR MASTER-METERED WATER SERVICE**

**SECTION 52.** G.S. 62-110(g) reads as rewritten:

"(g) In addition to the authority to issue a certificate of public convenience and necessity and establish rates otherwise granted in this Chapter, for the purpose of encouraging water conservation, the Commission may, consistent with the public interest, adopt procedures that allow (i) a lessor of any leased residential premises, as that term is defined under G.S. 42-59(3), to charge for the costs of providing water or sewer service to persons who occupy the leased premises, (ii) an owners' association, as that term is defined under G.S. 47F-1-103(3), to charge for the costs of providing water or sewer service to persons who occupy townhomes within a planned community, as that term is defined under G.S. 47F-1-103(23), and (iii) a unit owners' association, as that term is defined under G.S. 47C-1-103(3), to charge for the costs of providing water or sewer service to persons who occupy a condominium, as that term is defined under G.S. 47C-1-103(7). For purposes of this subsection, the term "townhome" means a single-family dwelling unit constructed in a group of three or more attached units. The following provisions shall apply:

…

(1a) If the leased premises are contiguous dwelling units built prior to 1989, <u>or a mobile home located within a mobile home park sited prior to 1989,</u> and the lessor determines that the measurement of the lessee's total water usage is impractical or not economical, the lessor may allocate the cost for water and sewer service to the lessee using equipment that measures the lessee's hot water usage. In that case, each lessee shall be billed a percentage of the lessor's water and sewer costs for water usage in the dwelling units based upon the hot water used in the lessee's dwelling unit. The percentage of total water usage allocated for each dwelling unit shall be equal to that dwelling unit's individually submetered hot water usage divided by all submetered hot water usage in all dwelling units. The following conditions apply to billing for water and sewer service under this subdivision:

~~a. A lessor shall 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.~~

b. The lessor shall not include in a lessee's bill the cost of water and sewer service used in common areas or water loss due to leaks in the lessor's water mains. A lessor shall not bill or attempt to collect for excess water usage resulting from a plumbing malfunction or other condition that is not known to the lessee or that has been reported to the lessor.

c. All equipment used to measure water usage shall comply with guidelines promulgated by the American Water Works Association.

d. The lessor shall maintain records for a minimum of 12 months that demonstrate how each lessee's allocated costs were calculated for water and sewer service. Upon advanced written notice to the lessor, a lessee may inspect the records during reasonable business hours.

e. Bills for water and sewer service sent by the lessor to the lessee shall contain all the following information:

1. The amount of water and sewer services allocated to the lessee during the billing period.
2. The method used to determine the amount of water and sewer services allocated to the lessee.
3. Beginning and ending dates for the billing period.

4. The past-due date, which shall not be less than 25 days after the bill is mailed.
5. A local or toll-free telephone number and address that the lessee can use to obtain more information about the bill.

…."

**PART V. SEVERABILITY AND EFFECTIVE DATE**

**SECTION 53.(a)** If any provision of this act or its application is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provisions or application and, to this end, the provisions of this act are severable.

**SECTION 53.(b)** Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 6th day of August, 2026.

s/ Rachel Hunt
President of the Senate

s/ Mike Schietzelt
Presiding Officer of the House of Representatives

________________________________________
Josh Stein
Governor

Approved ___________.m. this _______________ day of ____________________, 2026