GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

SESSION LAW 2026-51
HOUSE BILL 372

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

The General Assembly of North Carolina enacts:

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

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

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

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

(1) Ensuring the protection of public health and safety, as allowed by law.

(2) Ensuring that the business activity meets all of the following:

a. Is compatible with the residential use of the property and surrounding residential use.

b. Is secondary to the use of the property as a residential dwelling.

c. Complies with State and federal law, including the payment of applicable taxes.

(3) Prohibiting or limiting the use of no-impact home-based businesses for the purpose of selling illegal drugs, liquor, operating or maintaining a structured sober living home, pornography, obscenity, or nude or topless dancing or other adult-oriented businesses.

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

(1) Submit a petition for rezoning the property for commercial use.

(2) Install or equip fire sprinklers in any building or structure subject to the North Carolina Residential Code.

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

(1) Any deed, covenant, or agreement restricting the use of the land.

(2) Any master deed, bylaws, or other documents applicable to a homeowners association.

(d) The following definitions apply in this section:

(1) Goods. – Any merchandise, equipment, products, supplies, or materials.

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

(3) No-impact home-based business. – A no-impact home-based business for which all of the following apply:

a. The total number of on-site employees and clients do not exceed the city's occupancy limit for the residential property.

b. The business activities are characterized by all of the following:

1. Are limited to the sale of lawful goods and services.
2. Do not generate on-street parking or a substantial increase in traffic through the residential area.
3. Occur inside or in the yard of the residential dwelling.
4. Are not visible from the street.
5. Do not store merchandise, equipment, products, supplies, or materials outside of the premises."

PART II. EFFECTIVE DATE

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

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

s/ Rachel Hunt
President of the Senate

s/ Destin Hall
Speaker of the House of Representatives

s/ Josh Stein
Governor

Approved 9:49 a.m. this 7th day of July, 2026