

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 1095
Apr 29, 2026
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH30542-MCa-222

Short Title: Tier System Reevaluation.

(Public)

Sponsors: Representative Reives.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO REEVALUATE THE DEVELOPMENT TIER SYSTEM.
3 The General Assembly of North Carolina enacts:

4 **SECTION 1.(a)** Departments, Authorities, and other State and local entities using
5 the development tier designations determined pursuant to G.S. 143B-437.08 for any purpose or
6 program, including taxes, economic development, the Agricultural Development and Farmland
7 Preservation Trust Fund, the Spay and Neuter Program, the NC Career Coach Program, the
8 Qualified Zone Academy Bond Program, the Needs-Based Public School Capital Fund, the
9 Primary Care Medicine and Psychiatry Targeted Assistance Program, the Tri-Share Child Care
10 Pilot Program, the Shallow Draft Navigation Channel and Aquatic Weed Fund, the NC Science
11 Museum Grant Program, the Growing Rural Economies with Access to Technology Program,
12 and transportation project prioritization processes, shall, no later than July 1, 2028, discontinue
13 the use of such designations. Governmental entities affected by this section include the following:

- 14 (1) The Department of Agriculture and Consumer Services.
- 15 (2) The Department of Environmental Quality.
- 16 (3) The Department of Natural and Cultural Resources.
- 17 (4) The Department of Information Technology.
- 18 (5) The Department of Health and Human Services.
- 19 (6) The Department of Transportation.
- 20 (7) The Department of Revenue.
- 21 (8) The Department of Commerce.
- 22 (9) The University of North Carolina.
- 23 (10) The Department of Public Instruction.
- 24 (11) The Community Colleges System Office.

25 **SECTION 1.(b)** Each entity to which subsection (a) of this section applies shall
26 independently develop proposed replacement criteria designed to achieve the objectives of all
27 tier system programs for which that entity is responsible, to be used in place of development tier
28 designations. The proposed criteria developed pursuant to this subsection shall be objective,
29 based on publicly available or otherwise verifiable data, where practicable, directly related to the
30 purpose or purposes of the applicable program or programs, and capable of uniform application.
31 The proposed criteria developed shall not alter the substantive purpose of any program or expand
32 or contract eligibility except as necessary to replace the use of the development tier designations.
33 No proposed criteria developed pursuant to this section shall be implemented until it is enacted
34 by an act of the General Assembly. Each entity shall report by February 1, 2027, the developed
35 criteria to the Fiscal Research Division and as follows:



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- 1 (1) The Departments of Agriculture and Consumer Services, Environmental
2 Quality, Natural and Cultural Resources, and Commerce to the Joint
3 Legislative Oversight Committee on Agriculture and Natural and Economic
4 Resources.
- 5 (2) The Department of Information Technology to the Joint Legislative Oversight
6 Committee on Information Technology.
- 7 (3) The Department of Health and Human Services to the Joint Legislative
8 Oversight Committee on Health and Human Services.
- 9 (4) The Department of Transportation to the Joint Legislative Transportation
10 Oversight Committee.
- 11 (5) The Department of Revenue to the Revenue Laws Study Committee.
- 12 (6) Any other entity to the oversight committee having jurisdiction over the
13 primary purpose of the entity.

14 **SECTION 1.(c)** Notwithstanding G.S. 143B-437.08(c), an entity required to
15 discontinue use of the development tier designations no later than July 1, 2028, as required by
16 this section, may use the last development tier designations published by the Department of
17 Commerce until the earlier of developed replacement criteria or July 1, 2028.

18 **SECTION 1.(d)** It is the intent of the General Assembly, using program-specific,
19 independently developed criteria developed by State agencies pursuant to this section, to enact
20 those criteria to better tailor program objectives to programmatic outcomes when compared to
21 the current use of the development tier designations.

22 **SECTION 2.** There is appropriated from the General Fund to the Office of State
23 Budget and Management (OSBM) the sum of one million one hundred thousand dollars
24 (\$1,100,000) for the 2026-2027 fiscal year in nonrecurring funds to be allocated to State entities
25 required by this act to discontinue the use of the development tier designations determined
26 pursuant to G.S. 143B-437.08 and to independently develop substitute criteria designed to
27 achieve each program's objectives to be used in lieu of such designations. OSBM shall, in its
28 discretion, allocate the funding based on the number, complexity, and funding of the programs
29 evaluated by each State entity.

30 **SECTION 3.** Notwithstanding G.S. 143B-437.08, the Secretary shall not change the
31 current designation for a development tier one area or lower a development tier two area to a
32 development tier three area for the 2026, 2027, or 2028 calendar years as a result of the annual
33 ranking. Nothing in the section prohibits a county from moving to a higher development tier area
34 in any calendar year as a result of the annual ranking.

35 **SECTION 4.** Section 2 of this act becomes effective July 1, 2026. The remainder of
36 this act is effective when it becomes law.