

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 706
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40414-NG-61

Short Title: Change to Needs-Based Capital Funding. (Public)

Sponsors: Representative Lopez.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO MODIFY THE PRIORITIZATION OF THE ALLOCATION OF GRANTS FOR
3 THE NEEDS-BASED PUBLIC SCHOOL CAPITAL FUND AND TO OTHERWISE
4 PROHIBIT THE ALLOCATION OF EDUCATION FUNDS BASED ON THE
5 ECONOMIC TIER DESIGNATIONS ASSIGNED BY THE DEPARTMENT OF
6 COMMERCE.

7 The General Assembly of North Carolina enacts:

8 SECTION 1. G.S. 115C-546.11(a) reads as rewritten:

9 "(a) An eligible county awarded a grant under this Article shall provide local matching
10 funds from county funds, other non-State funds, or a combination of these sources for the grant
11 as provided in this section. An eligible county is (i) a county with an adjusted market value of
12 taxable real property of less than forty billion dollars ~~(\$40,000,000,000).~~ ~~(\$40,000,000,000) or~~
13 (ii) a county that contains census tracts that are experiencing persistent poverty or are identified
14 as having low to moderate income, as identified by the United States Department of Housing and
15 Urban Development. The adjusted market value of taxable property in a county is equal to the
16 county's assessed taxable real property value, using the latest available data published by the
17 Department of Revenue, divided by the county's sales assessment ratio determined under
18 G.S. 105-289(h). The amount of matching funds for a county awarded a grant shall be published
19 annually by the Department of Public Instruction prior to any application period. The local match
20 requirement applied to the project shall be based on the match requirement effective at the time
21 of the grant award. ~~The~~ A county that is eligible due to containing census tracts that are
22 experiencing persistent poverty or are identified as having low to moderate income but has an
23 adjusted market value of taxable real property of greater than forty billion dollars
24 (\$40,000,000,000) shall have a local match requirement of thirty-five percent (35%). For all other
25 eligible counties, the local match requirement is calculated as follows:

26 **Adjusted Market Value of Taxable Real Property**

27	28	29	30	31	32	33	34
	Over		Up to				Percentage Match
29	\$0		\$2 billion				0%
30	\$2 billion		\$10 billion				5%
31	\$10 billion		\$20 billion				15%
32	\$20 billion		\$30 billion				25%
33	\$30 billion		\$40 billion				35%"

34 SECTION 2.(a) Subsections (c), (d), and (e) of Section 7.22 of S.L. 2017-57 are
35 repealed.



1 **SECTION 2.(b)** Notwithstanding any other provision of law, beginning with the
2 2025-2026 fiscal year, the Department of Public Instruction shall allocate in an equal amount per
3 school on a recurring basis the cooperative innovative high school supplemental allotment to
4 local school administrative units for each cooperative innovative high school located in the unit
5 that (i) is approved by the State Board of Education pursuant to G.S. 115C-238.51A(c) and (ii)
6 received funds for the cooperative innovative high school supplemental allotment for the
7 2025-2027 fiscal biennium.

8 **SECTION 3.** Notwithstanding any provision of law to the contrary, beginning with
9 the 2025-2026 fiscal year and subsequent fiscal years thereafter, no State agency responsible for
10 the allocation of State funds for education purposes to the elementary and secondary public
11 schools of the State, community colleges under the jurisdiction of the State Board of Community
12 Colleges, or the constituent institutions of The University of North Carolina shall be directed to
13 or shall use the economic development tier designation for a county assigned by the Department
14 of Commerce pursuant to G.S. 143B-437.08 as the basis for the allocation of those State funds,
15 including for grant programs, proceeds from the issuance of bonds, or supplemental allotments
16 to public schools and institutions of higher education supported by State funds.

17 **SECTION 4.** All laws and clauses of laws in conflict with this act are repealed.

18 **SECTION 5.** This act becomes effective July 1, 2025. Section 1 of this act applies
19 to grant applications submitted on or after that date.