

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025**

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HOUSE BILL 706

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

Sponsors: Representatives Lopez, Majeed, Belk, and Johnson-Hostler (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Rules, Calendar, and Operations of the House

April 3, 2025

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

The General Assembly of North Carolina enacts:

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

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

Adjusted Market Value of Taxable Real Property

Over	Up to	Percentage Match
\$0	\$2 billion	0%
\$2 billion	\$10 billion	5%
\$10 billion	\$20 billion	15%
\$20 billion	\$30 billion	25%
\$30 billion	\$40 billion	35%"

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