

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025**

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**SENATE BILL 557**

Short Title:   Bifurcate Economic Distress Categorization. (Public)

Sponsors:     Senator Sawrey (Primary Sponsor).

Referred to:   Rules and Operations of the Senate

March 26, 2025

A BILL TO BE ENTITLED  
AN ACT TO MODIFY HOW TO CATEGORIZE ECONOMIC DISTRESS DEPENDING ON  
THE FUNCTION FOR WHICH THE CATEGORIZATION IS TO BE USED.

The General Assembly of North Carolina enacts:

**SECTION 1.(a)** Nothing in this section shall be deemed to apply to the Department of Commerce, the corporation with which the Department contracts pursuant to G.S. 143B-437.01, and other entities working with the Department where the Department, the corporation, and the entities are using the development tier designations determined pursuant to G.S. 143B-437.08 for economic development purposes.

**SECTION 1.(b)** Except as provided in subsection (a) of this section, all departments, authorities, other State and local entities, and entities receiving and using State funds for any other purpose that use the development tier designations determined pursuant to G.S. 143B-437.08 for any purpose or program, including, but not limited to, taxes, the North Carolina Development Farmland Preservation Trust Fund, the Spay and Neuter Program, the Abandoned Manufactured Home Cleanup Grants Program, the State Wastewater Reserve, the State Drinking Water Reserve, the Public Safety Assistance Points Grant Program, Oral Health Preventive Services, Medication Assistance, Qualified Allocation Plan for Low Income Housing Tax Credits, shall, no later than July 1, 2027, discontinue the use of such designations. Governmental entities affected by this section include, but are not limited to, the following:

- (1) The Department of Agriculture and Consumer Services.
- (2) The Department of Environmental Quality.
- (3) The Department of Information Technology.
- (4) The Department of Health and Human Services.
- (5) The North Carolina Housing Finance Agency.
- (6) The Department of Transportation.
- (7) The Department of Revenue.

**SECTION 1.(c)** Each entity to which subsection (b) of this section applies shall independently develop criteria designed to achieve each program's objectives to be used in place of development tier designations and shall report by July 1, 2026, on any recommended legislation and on the developed criteria to the Fiscal Research Division and as follows:

- (1) The Departments of Agriculture and Consumer Services and Environmental Quality to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources.
- (2) The Department of Information Technology to the Joint Legislative Oversight Committee on Information Technology.



- (3) The Department of Health and Human Services to the Joint Legislative Oversight Committee on Health and Human Services.
- (4) The North Carolina Housing Finance Agency to the Joint Legislative Oversight Committee on General Government.
- (5) The Department of Transportation to the Joint Legislative Transportation Oversight Committee.
- (6) The Department of Revenue to the Revenue Laws Study Committee.
- (7) Any other entity to the oversight committee having jurisdiction over the primary purpose of the entity.

**SECTION 1.(d)** Notwithstanding G.S. 143B-437.08(c), an entity required to discontinue use of the development tier designations no later than July 1, 2027, as required by this section, may use the last development tier designations published by the Department of Commerce until the earlier of developed replacement criteria or July 1, 2027.

**SECTION 2.** G.S. 143B-437.08 reads as rewritten:

**"§ 143B-437.08. Development tier designation.**

(a) Tiers Defined. – A development tier one area is a county whose annual ranking is one of the 40 highest in the State. A development tier two area is a county whose annual ranking is one of the next ~~40~~ 50 highest in the State. A development tier three area is a county that is not in a lower-numbered development tier.

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(d) Data. – In measuring rates of unemployment and median household income, the Secretary shall use the latest available data published by a State or federal agency generally recognized as having expertise concerning the data. In measuring ~~population–population,~~ population density, and population growth, the Secretary shall use the most recent estimates of population certified by the State Budget Officer. For the purposes of this section, population statistics do not include people incarcerated in federal or State prisons.

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(f1) Adjustment for Urban Counties. – Regardless of the actual development factor, any county that has a population density of greater than 750 people per square mile shall automatically be ranked as one of the 10 lowest counties.

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(k) Report. – By November 30 of each year, the Secretary of Commerce shall submit a written report to the Joint Legislative Economic Development and Global Engagement Oversight Committee, the Senate Appropriations Committee on Natural and Economic Resources, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research Division of the Joint Legislative Economic Development and Global Engagement Oversight Committee on the tier rankings required by subsection (c) of this section, including a map of the State whereupon the tier ranking of each county is designated. The report shall identify, for development tier three areas, census tracts that are low-wealth or rural. For purposes of this section, a "rural census tract" means a census tract having a population density of less than 500 people per square mile according to the most recent decennial federal census, and a "low-wealth census tract" means a census tract for which at least 50 percent (50%) of households have a median household income that is at least 60 percent (60%) below the county's median household income.

**SECTION 3.** Section 1 of this act is effective when it becomes law and applies to determinations of annual rankings for calendar year 2026 and beyond. The remainder of this act is effective when it becomes law.