



# HOUSE BILL 1044: County Tier Designation Study Bill.

2023-2024 General Assembly

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<b>Committee:</b>	House State Government. If favorable, re-refer to Appropriations. If favorable, re-refer to Rules, Calendar, and Operations of the House	<b>Date:</b>	June 11, 2024
<b>Introduced by:</b>	Reps. Johnson, Reives	<b>Prepared by:</b>	Brad Krehely and Peyton Hedrick
<b>Analysis of:</b>	PCS to First Edition H1044-CSCTa-1		Committee Co-Counsel

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**OVERVIEW:** *The Proposed Committee Substitute (PCS) for House Bill 1044 would direct the North Carolina Collaboratory to study the effects of potential changes to the county tier designation system under G.S. 143B-437.08. The PCS makes technical changes only.*

**CURRENT LAW:** The county development tier designation system is established in G.S. 143B-437.08 and gives guidance on annual tier rankings. Each year, on or before November 30, the Secretary of Commerce must rank all counties according to their development factor. The Secretary must then identify all counties of the State by development tier and must publish this information.

Each county receives a designation of tier one (most distressed), tier two, or tier three (least distressed). The statute requires 40 tier one, 40 tier two, and 20 tier three counties each year. These designations are based on four categories: unemployment rate (the most recent 12 months for which data are available), median household income (the most recent 12 months for which data are available), percentage population growth (the most recent 36 months for which data are available), and adjusted property tax base per capita (the most recent taxable year). These designations determine eligibility for a variety of State programs. Additional background can be found on the Department of Commerce's [website](#).

**BILL ANALYSIS:** The PCS for House Bill 1044 would direct the North Carolina Collaboratory to study potential changes to the ranking criteria, the way tier designations are assigned, and the time frame in which counties are ranked, along with the effect of such changes on current rankings of all 100 counties, on programs that use the tier system for administrative purposes, and on the ease of doing business in the State. The study would evaluate whether the potential changes align with State economic development goals, use current and accurate data, utilize an easy-to-understand methodology, and accurately identify areas of distress. The Collaboratory would be required to consult with the Department of Commerce, the Department of Health and Human Services, and the Department of Public Instruction to conduct the study. The Collaboratory also would be required to submit a preliminary report to the Joint Legislative Economic Development and Global Engagement Oversight Committee and the Fiscal Research Division by December 31, 2024, and to submit a final report to both entities by December 1, 2025. The act would appropriate \$100,000 in nonrecurring funds from the General Fund to the Collaboratory for fiscal year 2024-2025 for the purpose of conducting the study.

**EFFECTIVE DATE:** The act would become effective July 1, 2024.

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