



HOUSE BILL 649: County Tier Designation Study Bill.

2025-2026 General Assembly

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| Committee: | House Rules, Calendar, and Operations of the House | Date: | April 28, 2025 |
| Introduced by: | Reps. Johnson, Reives | Prepared by: | Michael Whitfield |
| Analysis of: | First Edition | | Staff Attorney |

OVERVIEW: *House Bill 649 would direct the North Carolina Collaboratory to study the effects of three proposed changes to the county tier designation system.*

CURRENT LAW: G.S. 143B-437.08 sets out the process by which the Secretary of Commerce annually assigns each county a development factor for the purpose of determining that county's development tier designation. A development factor is the sum of a county's rank among counties in the areas of (1) unemployment, (2) median household income, (3) population growth, and (4) adjusted assessed property value per capita. The 40 counties with the highest development factors are considered development tier one, the next 40 counties are considered development tier two, and the final 20 counties are considered development tier three.

BILL ANALYSIS: House Bill 649 would direct the North Carolina Collaboratory at the University of North Carolina at Chapel Hill (Collaboratory) to study three proposed changes to the county tier designation system:

1. The criteria used to rank counties.
2. The way in which county tier designations are assigned.
3. The time frame in which counties are ranked.

The Collaboratory would be charged with evaluating the impact of the proposed changes on (1) the rankings of all 100 counties, (2) the programs that use the tier designation system for their administration, and (3) the ease of doing business in the State. In conducting the study, 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. The study would be required to evaluate whether the proposed changes (1) align with the State's economic development goals, (2) use current, reliable, timely, and high-quality goals, (3) implement a methodology that is easy to understand, and (4) accurately identify areas of distress.

The Collaboratory would be required to submit a preliminary report no later than December 31, 2025, and a final report no later than December 1, 2026, of the results of the study to the Joint Legislative Economic Development and Global Engagement Oversight Committee and the Fiscal Research Division.

EFFECTIVE DATE: This act would become effective July 1, 2025.

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Director



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