



HOUSE BILL 87: Educational Choice for Children Act (ECCA).

2025-2026 General Assembly

Committee:		Date:	July 29, 2025
Introduced by:	Reps. N. Jackson, Biggs, Schietzelt, Eddins	Prepared by:	Michael Whitfield
Analysis of:	Fifth Edition		Staff Attorney

OVERVIEW: *H87 would elect the State to participate in the federal tax credit for individual contributions to certain scholarship granting organizations and direct the State Education Assistance Authority to facilitate the State's participation in the program.*

CURRENT LAW: § 70411 of P.L. 119-21 added § 25F to the Internal Revenue Code which allows any taxpayer to receive a federal tax credit equal to the amount of their charitable contributions, up to \$1,700, to scholarship granting organizations that provide scholarships to eligible students for qualified elementary or secondary education expenses. Eligible students are those who are in households with incomes not greater than 300% of the area median gross income, as defined in federal law, and are eligible to enroll in public elementary or secondary school. Qualified elementary or secondary education expenses include expenses for tuition, fees, academic tutoring, special needs services, books, supplies, room and board, uniforms, transportation, and supplementary items and services connected to enrollment or attendance at a public, private, or religious school.

The federal tax credit program will begin with the taxable year beginning after December 31, 2026. The Governor or any other individual, entity, or agency, designated under State law can elect the State to participate in the program. States participating must submit to the Secretary of the Treasury (Secretary) a list of the scholarship granting organizations in the state that meet the requirements set forth in § 25F.

The powers and duties of the North Carolina State Educational Assistance Authority (NCSEAA) are set out in Article 23 of Chapter 116 of the General Statutes. NCSEAA administers various scholarship programs, including programs for K-12 students.

BILL ANALYSIS:

Section 1 would authorize NCSEAA to certify and submit a list of qualifying scholarship granting organizations to the Secretary.

Section 2 would voluntarily elect the State to (1) participate in the federal tax credit program established under § 25F of the Internal Revenue Code and (2) identify scholarship granting organizations located in the State.

Additionally, it would direct NCSEAA to submit to the Secretary and publish on its website a list of the scholarship granting organizations that are located in the State and meet the requirements of § 25F. Further, it would direct NCSEAA to certify its authority to submit the list on the behalf of the State in its submission to the Secretary of the Treasury and comply with all requirements of § 25F, associated regulations, and any other applicable guidance issued by the Secretary. NCSEAA would have the authority to establish rules governing the process and documentation necessary for an entity to be qualified as a scholarship granting organization on the list submitted to the Secretary and have authority to enter into agreements with other State agencies to meet these requirements.

Kara McCraw
Director



Legislative Analysis
Division
919-733-2578

House Bill 87

Page 2

Section 3 would direct NCSEAA to comply with all federal regulations pertaining to the administration of the federal tax credit program set out in § 25F to ensure that the State can participate in taxable years beginning after December 31, 2026. It would further direct NCSEAA to establish any necessary rules by the later of July 1, 2026 or within 120 days of federal regulations.

Section 4 would state that scholarship granting organizations on the list may provide scholarships for home school expenses to the extent allowed under federal law.

EFFECTIVE DATE: This act would be effective when it becomes law.