

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 87
Committee Substitute Favorable 2/25/25
Third Edition Engrossed 3/25/25
Senate Finance Committee Substitute Adopted 7/29/25

Short Title: Educational Choice for Children Act (ECCA).

(Public)

Sponsors:

Referred to:

February 11, 2025

A BILL TO BE ENTITLED
AN ACT TO ELECT THE STATE OF NORTH CAROLINA TO PARTICIPATE IN THE
FEDERAL TAX CREDIT ESTABLISHED BY THE FEDERAL ONE BIG BEAUTIFUL
BILL ACT FOR CONTRIBUTIONS OF INDIVIDUALS TO CERTAIN SCHOLARSHIP
GRANTING ORGANIZATIONS AND TO REQUIRE THE STATE EDUCATION
ASSISTANCE AUTHORITY TO PUBLISH AND MAINTAIN AN ANNUAL LIST OF
SCHOLARSHIP GRANTING ORGANIZATIONS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 116-204 reads as rewritten:

"§ 116-204. Powers of Authority.

The Authority is hereby authorized and empowered:

...

(14) To certify and submit a list of qualifying scholarship granting organizations to the Secretary of the Treasury of the United States in accordance with (i) G.S. 116-209.111 and (ii) section 25F of the Internal Revenue Code (26 U.S.C. § 25F) and its associated regulations."

SECTION 2. Article 23 of Chapter 116 of the General Statutes is amended by adding a new Part to read:

"Part 8. Compliance with Requirements of Federal Tax Credit for Contributions of Individuals to Scholarship Granting Organizations.

"§ 116-209.110. State election for federal tax credit for contributions of individuals to scholarship granting organizations.

Pursuant to subsection (1) of Section 2 of Article V of the North Carolina State Constitution and the provisions of G.S. 105-1.1 and in accordance with section 25F of the Internal Revenue Code (26 U.S.C. § 25F), the General Assembly voluntarily elects the State of North Carolina to do the following:

(1) Participate in the federal tax credit established under 26 U.S.C. § 25F for individuals who make qualified contributions to scholarship granting organizations.

(2) Identify scholarship granting organizations located in this State in accordance with G.S. 116-209.111.

"§ 116-209.111. List of scholarship granting organizations.

(a) The Authority shall submit to the Secretary of the Treasury of the United States and publish on the website of the Authority a list of scholarship granting organizations that meet the



1 requirements of section 25F of the Internal Revenue Code (26 U.S.C. § 25F) and are located in
2 this State. As part of the submission, the Authority shall certify its authority to submit the list on
3 behalf of the State and comply with any other requirements of 26 U.S.C. § 25F, its associated
4 regulations, or other applicable guidance issued by the Secretary of the Treasury of the United
5 States.

6 (b) The Authority may establish rules governing the process and documentation
7 necessary for an entity to qualify to be included as a scholarship granting organization on the list
8 produced and submitted by the Authority pursuant to subsection (a) of this section and in
9 accordance with 26 U.S.C. § 25F, its associated regulations, or other applicable guidance issued
10 by the Secretary of the Treasury of the United States.

11 (c) The Authority may enter into an agreement with other State agencies, including the
12 Department of Revenue, to meet the requirements of this section."

13 **SECTION 3.** The State Education Assistance Authority shall comply with all federal
14 regulations pertaining to the administration of the federal tax credit established under 26 U.S.C.
15 § 25F to ensure that the State is eligible to participate in taxable years beginning after December
16 31, 2026.

17 **SECTION 4.** In accordance with 26 U.S.C. § 25F and any applicable federal
18 regulation and guidance, qualifying scholarship granting organizations on the list produced
19 pursuant to G.S. 116-204(14), as enacted by this act, may provide scholarships for any qualified
20 elementary or secondary education expense, including home school expenses, to the extent
21 allowed under federal law.

22 **SECTION 5.** This act is effective when it becomes law.