

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 752
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10314-MWa-7

Short Title: Transportation Economic Development Funding. (Public)

Sponsors: Representative Reives.

Referred to:

A BILL TO BE ENTITLED
AN ACT TO FUND RAILROAD AND AIRPORT DEVELOPMENT AND TO FUND THE
PORT OF MOREHEAD CITY.

The General Assembly of North Carolina enacts:

GENERAL ASSEMBLY FINDINGS

SECTION 1. The General Assembly finds that:

- (1) Transportation infrastructure is a foundational pillar for economic development, enabling the efficient movement of goods, services, and people across North Carolina, strengthening communities' abilities to connect and grow.
- (2) North Carolina's railroads serve as a critical component of the State's logistics and supply chain infrastructure, necessary for freight movement, reducing transportation costs, and providing a sustainable alternative to road transportation, vital for supporting North Carolina's manufacturing and agricultural industries. Upgrading our railroad infrastructure will reduce transportation costs, improve freight efficiency, and will help alleviate road congestion.
- (3) Airports are integral anchors for regional economies, serving as key transportation hubs, direct and indirect job creators, catalysts for trade, tourism, and business growth, and supports for key industries. They attract infrastructure investment and enhance connectivity, which strengthens North Carolina's communities and expands its access to global opportunities.
- (4) Located near more than seventy percent (70%) of the U.S. industrial base and easily accessed by Interstates 95 and 40 via U.S. Highways 70 and 17, the Port of Morehead City fills an important role in our chemical products and bulk shipping industries. Along with the Port of Wilmington, it contributes heavily to the economy of North Carolina, helping generate sixteen billion one hundred million dollars (\$16,100,000,000) in economic output. The construction of a roll-on-roll-off facility would greatly enhance the port's efficiency and capacity, fostering job creation, strengthening supply chains, and driving further economic growth across North Carolina.
- (5) Investing in transportation infrastructure is essential for keeping North Carolina competitive in both national and global markets, ensuring efficient trade, business growth, and economic resilience.



RAILROAD DEVELOPMENT FUND

SECTION 2.1. Article 2D of Chapter 136 of the General Statutes reads as rewritten:
"Article 2D.

"Railroad ~~Revitalization~~.Development.

...

"§ 136-44.41. Special Economic Development Fund for Rail.

(a) Creation. – The Special Economic Development Fund for Rail (Rail Fund) is established as a special fund within the General Fund to be administered by the Division of Rail in accordance with this Article.

(b) Purpose. – The purpose of the Rail Fund is primarily for rail construction, rail improvements, industry rail connections, railcar and locomotive acquisition, and railyard construction. A portion of the Rail Fund may also be used for project preparation uses such as preliminary engineering and due diligence.

(c) Source. – The Rail Fund shall consist of funds transferred to the Rail Fund and revenue generated by Rail Fund investments and interest. Monies in the Rail Fund shall be invested in accordance with G.S. 147-69.1, except that all interest or income received and accruing on the monthly balance of the Rail Fund shall be paid into the Rail Fund. Unexpended funds appropriated to the Rail Fund shall not revert.

(d) Uses. – Funds in the Rail Fund shall be used in accordance with the purpose of this section.

(e) Cost-Sharing. – An allocation of funds under this section shall be in accordance with the following requirements:

(1) No more than sixty percent (60%) of the annual allocations from the Rail Fund shall be for the State match on federal grant applications.

(2) No more than thirty percent (30%) of the annual allocations from the Rail Fund shall be for project preparation uses such as preliminary engineering and due diligence.

(f) Criteria. – The Division shall establish procedures and criteria and adopt rules for allocating funds from the Rail Fund in accordance with the purpose of this section and the following criteria:

(1) The rail project is projected to increase capital investment, jobs, and revenue, independently determined by the Department.

(2) Allocations shall be competitive and, after consultation with the Department of Commerce, awarded to proposals with the greatest projected economic impact benefitting North Carolina.

(g) Administrative Costs. – The Department may use no more than three percent (3%) of the Rail Fund for administrative costs.

(h) Report. – No later than March 1, 2026, the Division shall submit an initial report on the implementation of this section to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Transportation Oversight Committee, and the Fiscal Research Division and thereafter shall submit an annual report no later than December 1 of each year. The report shall include the following information: use of funds, projects approved, and estimated economic impact."

SECTION 2.2. There is appropriated from the General Fund to the Special Economic Development Fund for Rail the sum of fifty million dollars (\$50,000,000) in nonrecurring funds.

AIRPORT DEVELOPMENT FUND

SECTION 3.1. Chapter 63 of the General Statutes is amended by adding a new Article to read:

"Article 7A.

"Airport Special Economic Development Fund.

"§ 63-76. Special Economic Development Fund for Airports.

(a) Creation. – The Special Economic Development Fund for Airports (Airports Fund) is established as a special fund within the General Fund to be administered by the Division of Aviation in accordance with this Article.

(b) Purpose. – The purpose of the Airports Fund is for airport capital improvements and to incentivize and retain economically strategic flights.

(c) Source. – The Airports Fund shall consist of funds transferred to the Airports Fund and revenue generated by Airports Fund investments and interest. Monies in the Airports Fund shall be invested in accordance with G.S. 147-69.1, except that all interest or income received and accruing on the monthly balance of the Airports Fund shall be paid into the Airports Fund. Unexpended funds appropriated to the Airports Fund shall not revert.

(d) Uses. – Funds in the Airports Fund shall be used in accordance with the purpose of this section.

(e) Limitations. – An allocation of funds under this section shall be in accordance with the following limitations:

(1) No more than eighty percent (80%) of the annual allocations from the Airports Fund shall be used for airport capital improvements, including those necessary to attract or retain commercial aviation operators or manufacturers that require the use of an airport.

(2) No more than seventeen percent (17%) of the annual allocations from the Airports Fund shall be used to incentivize and retain economically strategic flights.

(3) Up to twenty percent (20%) of the annual allocations from the Airports Fund may be applied to airport safety improvements, to the extent that the Department determines that the lack of airport safety improvements is inhibiting economic growth.

(f) Cost-Sharing. – The total allocation of funds from the Airports Fund shall not exceed fifty percent (50%) of the cost for airport improvements.

(g) Criteria. – The Division shall establish procedures and criteria and adopt rules for allocating funds from the Airports Fund in accordance with the purpose of this section and the following criteria:

(1) The airport project is projected to increase jobs, wages, capital investment, and tourism to North Carolina, with a particular emphasis on educational tourism, as independently determined by the Department.

(2) Allocations shall be competitive and, after consultation with the Department of Commerce, awarded to proposals with the greatest projected economic impact benefitting North Carolina.

(h) Administrative Costs. – The Department may use no more than three percent (3%) of the Airports Fund for administrative costs.

(i) Report. – No later than March 1, 2026, the Division shall submit an initial report on the implementation of this section to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Transportation Oversight Committee, and the Fiscal Research Division and thereafter shall submit an annual report no later than December 1 of each year. The report shall include the following information: use of funds, projects approved, and estimated economic impact."

SECTION 3.2. There is appropriated from the General Fund to the Special Economic Development Fund for Airports the sum of one hundred million dollars (\$100,000,000) in nonrecurring funds.

FUNDING FOR PORT OF MOREHEAD CITY ROLL-ON-ROLL-OFF FACILITY

1 **SECTION 4.** There is appropriated from the General Fund to the Department of
2 Transportation the sum of thirty million dollars (\$30,000,000) for the 2025-2026 fiscal year to
3 be allocated to the North Carolina Ports Authority for the Authority to use for the construction
4 of a roll-on-roll-off facility for the Port of Morehead City.
5

6 **EFFECTIVE DATE**

7 **SECTION 5.** This act becomes effective July 1, 2025.