

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 106 (First Edition)

SHORT TITLE: Sale of Property for Unpaid Taxes

SPONSOR(S): Senator Cooper

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 1997-98</u>	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>
REVENUES					
EXPENDITURES					
General Fund	(\$9,750)	(\$9,750)	(\$9,750)	(\$9,750)	(\$9,750)
State & Local Law Enforcement	(\$29,250)	(\$29,250)	(\$29,250)	(\$29,250)	(\$29,250)
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:	Department of Revenue, Controlled Substance Tax Division				
EFFECTIVE DATE:	July 1, 1997				

BILL SUMMARY: This act authorizes the Department of Revenue to sell in any county the personal property seized for non payment of taxes. The current law states that property may be sold in Wake county or in the county in which it was seized.

ASSUMPTIONS AND METHODOLOGY: The Director of the Department of Revenue's Controlled Substance Tax Division estimates this bill will save a minimum of \$39,000 each year. This savings is apportioned in the same ratio as the proceeds from seized property - 75% to state and local law enforcement agencies and 25% to the General Fund.

The savings comes from the storage of seized vehicles and from the rental of space in Wake county for the vehicle sales. The Department contracts to have the vehicles hauled from all over

the State and then stored until an auction site is available. The vehicles seized for the nonpayment of the controlled substance tax are stored in Wayne County and brought to Wake County for sale. Rental of auction sites in Wake County is expensive and, because of delays due to overbooking of the sites, the Department incurs extra costs for storing the property.

With passage of the bill, the Department will save \$12,000 by not renting auction sites in Raleigh four times a year. Expanding the permissible locations for sales will allow the Department to auction property in each region of the State at sites provided by a contractor. The Department estimates storage cost will be reduced by \$27,000 because there will be less time waiting for an auction site to become available. This estimate is based on storage of 300 cars for 30 days at \$3 a day.

The Department believes opening the bidding process will yield a lower contract price for handling seized property and thus produce greater savings in the program. More companies will be able to compete for the transportation, storage, and sale business because they will no longer have to have Statewide operations in order to qualify.

FISCAL RESEARCH DIVISION

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DATE: February 24, 1997



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