NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 120

SHORT TITLE: Tax Lien Advertisement and Collection

SPONSOR(S): Rep. Owens

FISCAL IMPACT

Yes (X) **No ( )** **No Estimate Available ( )**

	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
EXPENDITURES					
Local Governments	**($30,000)**				

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: County Governments.

EFFECTIVE DATE: This act becomes effective January 1, 2000.

BILL SUMMARY: The bill intends to improve the procedures for advertising tax liens on real property and for notifying delinquent taxpayers. The bill also gives counties the option to prohibit the registration of deeds if delinquent taxes are owed on the property.

ASSUMPTIONS AND METHODOLOGY: This bill may have a small one-time impact on the costs of county operations, primarily in the area of computer programming and data entry. Virtually all counties will have to change their computer software to enable the advertisement of both the January 1 and the December 31 owner of real property (if different). A majority of counties will need to make minor software changes to allow notices to be mailed to both the January 1 and December 31 property owner (if different).

When working on a similar bill in 1998, Fiscal Research Division staff interviewed a sample of county tax collectors, a professor in the Institute of Government, and the chairman of the North Carolina Association of Assessing Officers. It was found that approximately 75 counties lack a fully automated way to send deed transfer information between the Register of Deeds Office and the Tax Assessor's Office, in a timely manner. The Registers of Deeds provide copies of deeds to the Tax Assessors in the form of paper, microfilm, microfiche, or CD. The tax professionals contacted in 1998 estimated that only 25 counties might incur one-time costs for computer programming in the first year of implementing HB 120. These 25 counties might expend an average of $800 each ($20,000) for computer vendors to program county databases for this data transfer.

Data entry was another cost identified by tax professionals interviewed in 1998. It was estimated that 25 county Tax Assessors might spend approximately $400 each ($10,000) for temporary clerks to do data entry on deed transfer files in order to update the county tax files. Small counties with few land transactions do not experience a backlog in deed transfer filings. It was suggested in 1998 that temporary clerks would be needed each year due to this bill, but this fiscal note assumes that keeping deed and tax files current should be standard operating procedure for the tax listing process and is not a new requirement on county governments.

FISCAL RESEARCH DIVISION 733-4910
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DATE: March 15, 1999

Official Fiscal Research Division Publication

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