

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 1737 (Second Edition)

SHORT TITLE: NCSU Centennial Campus

SPONSOR(S): Rep. Dickson

FISCAL IMPACT

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

FY 1998-99 FY 1999-00 FY 2000-01 FY 2001-02 FY 2002-03

REVENUES (see **ASSUMPTIONS AND METHODOLOGY**)

**PRINCIPAL DEPARTMENT(S) &
PROGRAM(S) AFFECTED:** North Carolina State University, UNC Board of Governors

EFFECTIVE DATE: This act is effective when it becomes law.

BILL SUMMARY: The bill does the following: 1) expands the Centennial Campus at North Carolina State University to include the College of Veterinary Medicine and surrounding land, 2) clarifies that the UNC Board of Governors shall designate what real estate and facilities comprise the Centennial Campus, 3) deletes the 40 year limit on land and building leases at Centennial Campus, 4) allows the UNC Board of Governors to approve leases of buildings on the Centennial Campus for periods of 10 years or less without Council of State approval, 5) exempts Centennial Campus real estate transactions from service charges that are made to the State Land Fund, 6) establishes that a lease or rental of land owned by the state may not exceed a period of 99 years, and 7) instructs agencies to consult with the Joint Legislative Commission on Governmental Operations upon the sale or the receipt of a gift of land valued at \$25,000 or more.

ASSUMPTIONS AND METHODOLOGY:

State Land Fund

Section 4 of the bill exempts the Centennial Campus from paying a service charge to the State Land Fund for each of its lease, rental, or easement transactions. There is no fiscal impact from this change, because the Centennial Campus has never paid any fees to the Fund. The bill simply removes a conflict between two statutes. G.S. 146-30 requires that a service charge be

paid for all land or lease transactions, while G.S. 116-36.5 requires that all moneys from development of the Centennial Campus shall go into the Centennial Campus Trust Fund.

Property Tax

The bill has the potential to remove additional land and structures from the property tax rolls in Wake County if the UNC Board of Governors uses the power granted in section 2 of the bill to expand the Centennial Campus to noncontiguous land not currently owned by NC State University. However, under current law, the county could recoup its tax loss in several ways. First, if the Campus land is leased at below market value to a private firm, then the leased land can be taxed. Second, if a private firm leases land from the campus at market value and builds its own building, then Wake county may levy property tax only on the building and its furnishings and equipment. Third, if a private firm leases the land and building from the Campus, then only the furnishings and equipment will be subject to property tax.

FISCAL RESEARCH DIVISION 733-4910

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DATE: August 31, 1998



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