

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: House Bill 1377 (First Edition)

SHORT TITLE: Taxpayer Optimization Act.

SPONSOR(S): Representatives Moore, Brown, Folwell, and McElraft

FISCAL IMPACT					
	Yes ()	No ()	No Estimate Available (X)		
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
REVENUES:	Indeterminate Fiscal Impact				
EXPENDITURES:	Indeterminate Fiscal Impact				
<i>(See "Assumptions & Methodology")</i>					
POSITIONS (cumulative):	N/A				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Administration					
EFFECTIVE DATE: This act is effective when it becomes law.					

BILL SUMMARY:

The proposed legislation amends GS 146-27 to enact subdivision (b1), which requires any proposed sale or other transfer of land or other real property with a value of at least \$25,000 to a for-profit private entity to be subject to upset bids. The proposed legislation also requires the Department of Administration to adopt a procedure for upset bids based on the procedure in Part 2 of Article 29A of GS Chapter 1.

Source: Bill Digest H.B. 1377 (04/09/2000)

ASSUMPTIONS AND METHODOLOGY:

The bill would require that any proposed sale or transfer of real property valued at \$25,000 or greater to a for-profit private entity be subject to upset bid. It also requires the Department of Administration to adopt an upset bid procedure based on the procedure set forth in Part 2 of Article 29A of Chapter 1 of the General Statutes. G.S. 1-339.64(a) provides that an upset bid is an advanced, increased, or raised bid whereby a person offers to purchase real property theretofore

sold for an amount exceeding the reported sale price or last upset bid by a minimum of five percent (5%) thereof, but in any event with a minimum increase of seven hundred fifty dollars (\$750.00).

Currently, the State Property Office implements the sale of property based on the method that will produce the highest price for that specific property by bid or negotiation. Property may also be disposed of by exchange when it is determined to be in the best interest of the State. Disposition of state property is a public process, whether negotiated or by bid. Pursuant to Article 2 146-3, real property is disposed of in the manner prescribed in 01 NCAC 6B.0303. All sales of state land are subject to the approval of the Council of State and those properties with a value of \$25,000 or greater include consultation with the Joint Legislative Commission on Governmental Operations.

Typically, according to the State Property Office, the upset bid process works *best* for properties that are: a) utilized at the intended highest and best use, b) for which all facts are known, and c) for which the zoning cannot be changed (i.e., a house on a residential lot or some commercial buildings).

According to the State Property Office, the implementation of House Bill 1377 will have indeterminate fiscal impact. In other words, based on the State Property Office's analysis, it is not possible to calculate the exact revenues that would be generated or the expenditures that would be incurred by the implementation of House Bill 1377.

SOURCES OF DATA: Department of Administration - State Property Office;

TECHNICAL CONSIDERATIONS: None

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DATE: April 24, 2009



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