



NORTH CAROLINA GENERAL ASSEMBLY

2025 Session

Legislative Incarceration Fiscal Note

Short Title: Title Fraud Prevention Act.
Bill Number: House Bill 535 (First Edition)
Sponsor(s): Rep. N. Jackson, Rep. Stevens, Rep. Balkcom, and Rep. Biggs

FISCAL IMPACT SUMMARY

Criminal offenses are classified as misdemeanors (Class 3 as the lowest and Class A1 as the highest) and felonies (Class I to Class A). There are three types of legislative changes to offenses that may result in a fiscal impact to the State's criminal justice system: creating a new offense, changing the class of an existing offense, or changing the scope of an existing offense.

This proposed legislation would **create two new felonies related to knowingly presenting a deed or presenting for a real property transfer that is false or contains false materials**. Because these are new charges, there is no data to predict how many individuals may be charged or convicted. **Therefore, Fiscal Research is unable to project the fiscal impact of the proposed legislation on the criminal justice system.** This bill also makes some changes to processes that courts must follow to review cases of potentially fraudulent deeds. These changes may impose minor additional costs to on the courts system.

Each additional person charged under the proposed offenses will have a cost to the judicial system and each additional person convicted will have a cost to the correction system. The **cost of one charge and conviction** is listed in the table below, along with the percent of cases that incur those costs at that offense level.

Cost of One Charge and Conviction										
	Prosecution and Defense		Active Sentence					Suspended Sentence		
Offense Class	Admin. Office of the Courts	Indigent Defense Services	DAC - Confinement			DAC - Post-Release Supervision (PRS)		DAC – Probation		
Felony	Cost	Cost	Rate	Cost	Length (Mo.)	Cost	Length (Mo.)	Rate	Cost	Length (Mo.)
C	\$10,994	\$2,250	100%	\$223,577	83	\$3,370	12	0%	\$0	0
▲ H to G	\$651	\$142	5%	\$13,469	5	\$0	0	-5%	\$562	2
Note: Court costs reflect the average cost per disposition. Costs for active sentences, probation, and post-release supervision reflect the total cost of the sentence or supervision period. Costs to the Statewide Misdemeanant Confinement Program (SMCP) only occur for active sentences > 90 days and impaired driving. The triangle symbols (▲) represent change, plus and minus (+/-) symbols reflect the increase or decrease in cost or time from the current to proposed changes in charge levels.										



FISCAL IMPACT OF H.B.535, V.1					
	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>
State Impact					
General Fund Revenue	-	-	-	-	-
Less Expenditures	-	-	-	-	-
General Fund Impact	No Estimate Available - Refer to Fiscal Analysis section				
NET STATE IMPACT	No Estimate Available - Refer to Fiscal Analysis section				
TECHNICAL CONSIDERATIONS:	See Technical Considerations Section				

FISCAL ANALYSIS

Section 1 of the bill amends G.S. 14-122 – *forgery of deeds, wills, other instruments* – to add subsection (b) which creates two new felony offenses for the filing or recording of a “deed or transfer of real property of an owner” when the filer knows that the record is “false or contains a materially false, fictitious, or fraudulent statement or representation.” **It is a Class G felony when this section is violated regarding property valued at less than \$100,000, and for property valued at \$100,000 or more, it is a Class C felony.**

The new Class C felony will likely not have any impact on the judicial or correctional systems because a violation of the existing G.S. 14-100 – *obtaining property by false pretenses* – includes real property and is currently a Class C felony when the value of the property is \$100,000 or more. The new Class G felony will be, in practice, an elevation of the current Class H felony for violations of G.S. 14-100 when the value of the property is less than \$100,000 and therefore may have added costs to the judicial and correctional systems. However, there is no historical data available to predict the level of cost impacts to either system.

Section (4) amends Article 1 of Chapter 41 of the General Statutes by adding G.S. 41-10.2 – *titles quieted; fraudulent instruments*. Subsection (c) requires the clerk of superior court, upon being presented with a court order declaring that an instrument already recorded is false and void as a matter of law, to "cross-index the court's order finding the instrument to be false." The Administrative Office of the Courts (AOC) has noted that the current indexing function of its integrated case management system, Enterprise Justice (Odyssey), does not cross-index court orders finding instruments to be false, as would be required in the proposed G.S. 41-10.2(c). Therefore, AOC would likely need to execute a contract amendment with its case management vendor to add cross-indexing functionality, and AOC estimates that this could carry an additional one-time cost of \$100,000 to \$200,000.

In summary, this proposed legislation creates two new felony offense for which there is no historic data available for cost projections. As such, **Fiscal Research is unable to provide any cost projections for this bill, though it is possible that the judicial system may incur**



relatively minimal one-time costs for system upgrades in order to comply with process requirements in this bill.

Capital Expenses

Capital costs emerge when prison bed demand exceeds capacity. Based on the most recent prison population and bed capacity projections from the Sentencing and Policy Advisory Commission (SPAC), the State will have sufficient prison beds available beyond the five-year fiscal note horizon. Therefore, Fiscal Research anticipates there will be **no additional prison capital requirements** as a result of this proposed legislation.

Operating Expenses

The table in the Fiscal Impact Summary lists the costs specific to the charges included in this proposal.

TECHNICAL CONSIDERATIONS

- Offense changes are typically effective on December 1. FRD assumes that costs incurred in the first year to the judicial and correction systems would be less than annualized costs due to lag time in charges and convictions.
- This estimate assumes that expanding existing or creating new criminal offenses produces no deterrent or incapacitative effect on crime rates. Likewise, FRD assumes no deterrent effects for any modifications to criminal penalties. The estimates in this Incarceration Note make no assumptions about the larger impact on crime rates or costs to society or the State.
- This estimate makes no prediction regarding the likelihood that a prosecutor will charge an offense based on any proposed increases or decreases to the offense class level. This estimate also does not attempt to predict the impact of offense class changes on plea negotiations. FRD assumes the proposed offense class is charged and convicted at the same rate as the prior level.
- For reference, Appendix A to this document shows the costs per charge/conviction for each class of offense in North Carolina.

DATA SOURCES

Department of Adult Correction; Administrative Office of the Courts; North Carolina Sentencing and Policy Advisory Commission; Office of Indigent Defense Services.

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION



Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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Signed copy located in the NCGA Principal Clerk's Offices



APPENDIX A: COSTS PER CHARGE/CONVICTION BY OFFENSE CLASS

Cost of One Charge and Conviction											
	Prosecution and Defense			Active Sentence					Suspended Sentence		
Offense Class	Admin. Office of the Courts	Indigent Defense Services		DAC - Confinement			DAC - Post-Release Supervision (PRS)		DAC - Probation		
Felony	Cost	Rate	Cost	Rate	Cost	Length (Mo.)	Cost	Length (Mo.)	Rate	Cost	Length (Mo.)
A	\$55,469	95%	\$11,967	100%	NA	Life	N/A	N/A	0%	N/A	0
B1	\$23,852	78%	\$4,187	100%	\$178,610	242	\$2,994	12	0%	N/A	0
B2	\$17,704	85%	\$4,187	100%	\$115,137	156	\$2,994	12	0%	N/A	0
C	\$8,598	82%	\$2,317	100%	\$63,473	86	\$2,994	12	0%	N/A	0
D	\$7,027	89%	\$1,744	100%	\$47,236	64	\$2,994	12	0%	N/A	0
E	\$3,281	79%	\$909	57%	\$19,928	27	\$2,994	12	43%	\$7,356	31
F	\$1,849	74%	\$849	51%	\$13,285	18	\$2,282	9	49%	\$7,119	30
G	\$1,525	78%	\$706	39%	\$11,071	15	\$2,282	9	61%	\$6,170	26
H	\$1,016	78%	\$510	33%	\$8,119	11	\$2,282	9	67%	\$5,933	25
I	\$740	68%	\$407	15%	\$4,428	6	\$2,282	9	85%	\$5,221	22
Misdemeanor	Cost	Rate	Cost	Rate	Cost	Length (Days)			Rate	Cost	Length (Mo.)
A1	\$580	52%	\$281	Active sentences for misdemeanor convictions are served in County jail.			Misdemeanants do not receive PRS		64%	\$3,797	16
1	\$335	62%	\$237						64%	\$3,322	14
2	\$178	30%	\$237						78%	\$3,085	13
3	\$63	14%	\$202						84%	\$3,085	13

Note: Court costs reflect the average cost per disposition. Costs for active sentences, probation, and post-release supervision reflect the total cost of the sentence or supervision period. Costs to the Statewide Misdemeanant Confinement Program (SMCP) only occur for active sentences > 90 days and for impaired driving.

