



HOUSE BILL 462: Contingency Contracts for Audits/Assessments.

2011-2012 General Assembly

Committee: Senate Commerce
Introduced by: Rep. McCormick
Analysis of: PCS to First Edition
H462-CSTD-66

Date: June 6, 2012
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SUMMARY: *The PCS to House Bill 462 would prohibit the Department of Revenue, local governments, and the Treasurer's office from using third-party contractors paid on a contingent fee basis for audit and assessment purposes.*

CURRENT LAW: G.S. 105-243.1 authorizes the Department of Revenue to outsource the collection of tax debts. The Department currently does not utilize third-party contractors paid on a contingent basis.

Cities and counties are authorized under their general corporate powers to contract with third parties, including contracts on a contingent fee basis. In addition, counties are authorized to employ individuals or firms with expertise to assist the county assessor.

The Treasurer's office is authorized to employ experts to assist in the administration of the Unclaimed Property Act. The fees for experts that are employed for this purpose on a contingent fee basis by the Treasurer's office are limited to 12% of the final assessment.

BILL ANALYSIS: The PCS to House Bill 462 prohibits the Department of Revenue, local governments, and the Treasurer's office from using third parties paid on a contingent fee basis for audit and assessment purposes.

Section 1: Prohibits the Secretary of Revenue from employing an agent paid on a contingent fee basis to determine the tax liability of any taxpayer.

Section 2: Prohibits counties from employing entities paid on a contingent fee basis to assist a county tax assessor.

Section 3: Prohibits the Treasurer's office from contracting with entities paid on a contingent fee basis for administration of the Unclaimed Property Act.

Sections 4 and 5: Prohibits cities and counties employing agents paid on a contingent fee basis to determine the tax liability of any taxpayer.

EFFECTIVE DATE: This act is effective July 1, 2012, and applies to audits, determinations of liability, and assessments contracted for on or after that date.

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