GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

FISCAL ANALYSIS MEMORANDUM

[This confidential fiscal memorandum is a fiscal analysis of a draft bill, amendment, committee substitute, or conference committee report that has not been formally introduced or adopted on the chamber floor or in committee. This is not an official fiscal note. If upon introduction of the bill you determine that a formal fiscal note is needed, please make a fiscal note request to the Fiscal Research Division, and one will be provided under the rules of the House and the Senate.]

DATE: May 17, 2011

TO: Senators Rucho and Hartsell

FROM: Rodney Bizzell
Fiscal Research Division

RE: Senate Bill 537 (First Edition)

FISCAL IMPACT

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

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
REVENUES:					
Local Governments:	***Increase in recovery of administrative costs related to in rem foreclosures***				

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: NC Local Governments; NC Dept. of Revenue

EFFECTIVE DATE: Effective for in rem foreclosures on or after July 1, 2011.

BILL SUMMARY:
Senate Bill 537 would increase the amount of the charge for the administrative costs that may be added to the tax due as part of the costs of the action in an in rem foreclosure proceeding for delinquent tax due. The current administrative cost of $50 has not been increased since it was first allowed in 1987. Senate Bill 537 would increase the amount of the charge to $250. Much of the administrative time required for an in rem foreclosure is spent researching the property's chain of title.

Source: Committee Counsel Summary

ASSUMPTIONS AND METHODOLOGY:
Although no data is available on the number of in rem foreclosure proceedings in the state, this method of foreclosure has become more common in recent years. The $50 fee that is currently charged is not adequate to recover administrative costs to the taxing unit, particularly when a clear chain of title has to be established. The $250 fee would more closely reflect the actual administrative costs associated with in rem foreclosures.

SOURCES OF DATA: NC Association of Assessing Officers; UNC School of Government

TECHNICAL CONSIDERATIONS: None