

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 1252

Short Title: Tax Automation Funds.

(Public)

Sponsors: Representatives Miller; and Bowman.

Referred to: Appropriations.

May 10, 1991

A BILL TO BE ENTITLED

1 AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF REVENUE TO
2 CONTINUE AUTOMATION OF ITS INTEGRATED TAX ADMINISTRATION
3 SYSTEM AND TO REQUIRE THE STATE TREASURER TO STUDY THE
4 BENEFITS OF USING ELECTRONIC FUNDS TRANSFER FOR RECEIPT OF
5 PAYMENTS TO OTHER STATE AGENCIES.
6

7 Whereas, in 1987 the General Assembly appropriated funds for the
8 acquisition and installation of a Department of Revenue office automation system which
9 is now operational; and

10 Whereas, the main systems applications presently in use by the Department of
11 Revenue were developed in the early 1960s and are currently running on outdated
12 hardware, and vendor support and maintenance for both software and hardware will
13 soon be discontinued; and

14 Whereas, the next phase in Department of Revenue automation may be
15 accelerated by as much as three years by the acquisition of a modern mainframe and
16 installation of an existing integrated tax administration system; and

17 Whereas, the benefits to the State from the completion of the Department of
18 Revenue's automation plan include not only increased efficiency but the generation of at
19 least an additional forty million dollars (\$40,000,000) of revenue in the first full year of
20 operation; Now, therefore,

21 The General Assembly of North Carolina enacts:

22 Section 1. There is appropriated from the General Fund to the Department of
23 Revenue the sum of \$5,700,000 for the 1991-92 fiscal year and the sum of \$7,250,000

1 for the 1992-93 fiscal year to be used for the development and operation of an
2 automation plan to enhance its integrated tax administration system.

3 Sec. 2. The Department of Revenue shall expend funds for the automation
4 plan which shall be restricted to the acquisition of necessary equipment and software,
5 securing the services of third-party vendors, and necessary operating personnel
6 according to the following procedures and limitations:

7 (1) The Department of Revenue shall report to the Information
8 Technology Commission created in G.S. 143B-426.21 on the proposed
9 implementation and anticipated effectiveness of the automation plan in
10 such detail as will be sufficient to illustrate the cost of various
11 components of the plan and to demonstrate that additional revenue
12 collections will exceed the annual costs of the automation.

13 (2) Before continuing the automation plan beyond the first fiscal year for
14 which appropriations are made, the Department of Revenue shall
15 report its conclusions about the continuation or termination of all or
16 any part of the automation plan to the Joint Legislative Commission on
17 Governmental Operations.

18 (3) The Department of Revenue may purchase or finance the purchase of
19 property by installment contracts that create in the property purchased
20 a security interest to secure payment of the purchase price to the seller
21 or to an individual or entity advancing moneys or supplying financing
22 for the purchase transaction. No contract entered into under this
23 subdivision may contain a nonsubstitution clause that restricts the right
24 of the State to (i) continue to provide a service or activity or (ii)
25 replace or provide a substitute for any fixture, improvement, project, or
26 property, or property financed or purchased pursuant to the contract.
27 No deficiency judgment may be rendered against the State in any
28 action for breach of a contractual obligation authorized by this
29 subdivision and the taxing power of the State may not be pledged
30 directly or indirectly to secure any money due under a contract
31 authorized by this subdivision.

32 (4) The Secretary of Revenue shall consult with the State Treasurer before
33 approving any arrangements entered into with third-party vendors
34 which involve the remittance of funds by electronic funds transfer, so
35 that the needs and concerns of both agencies may be considered and
36 addressed.

37 Sec. 3. The Department of State Treasurer shall study the feasibility of
38 providing for receipt through electronic funds transfer of payments to State agencies.
39 The Department of State Treasurer shall determine the potential gain on investment
40 earnings on these payments due to the reduced time lag currently caused by delivery of
41 payments through the United States mail and by hand-processing of checks. The
42 Department shall also investigate the administrative costs or savings that would result
43 from adopting electronic funds transfer procedures for the State agencies that receive
44 payments. The State Treasurer shall report the results of this study to the Speaker of the

- 1 House of Representatives and the President Pro Tempore of the Senate on or before the
- 2 first day of the 1992 Session of the 1991 General Assembly.
- 3 Sec. 4. This act becomes effective July 1, 1991.