

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 890

Short Title: Tax Automation Funds.

(Public)

Sponsors: Senator Daniel.

Referred to: Appropriations.

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

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9 Revenue were developed in the early 1960s and are currently running on outdated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

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

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

19 The General Assembly of North Carolina enacts:

20 Section 1. There is appropriated from the General Fund to the Department of
21 Revenue the sum of \$4,000,000 for the 1991-92 fiscal year and the sum of \$7,250,000
22 for the 1992-93 fiscal year to be used for the development and operation of an
23 automation plan to enhance its integrated tax administration system.

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

- 5 (1) The Department of Revenue shall report to the Information
6 Technology Commission created in G.S. 143B-426.21 on the proposed
7 implementation and anticipated effectiveness of the automation plan in
8 such detail as will be sufficient to illustrate the cost of various
9 components of the plan and to demonstrate that additional revenue
10 collections will exceed the annual costs of the automation.
- 11 (2) Before continuing the automation plan beyond the first fiscal year for
12 which appropriations are made, the Department of Revenue shall
13 report its conclusions about the continuation or termination of all or
14 any part of the automation plan to the Joint Legislative Commission on
15 Governmental Operations.
- 16 (3) The Department of Revenue may purchase or finance the purchase of
17 property by installment contracts that create in the property purchased
18 a security interest to secure payment of the purchase price to the seller
19 or to an individual or entity advancing moneys or supplying financing
20 for the purchase transaction. No contract entered into under this
21 subdivision may contain a nonsubstitution clause that restricts the right
22 of the State to (i) continue to provide a service or activity or (ii)
23 replace or provide a substitute for any fixture, improvement, project, or
24 property, or property financed or purchased pursuant to the contract.
25 No deficiency judgment may be rendered against the State in any
26 action for breach of a contractual obligation authorized by this
27 subdivision and the taxing power of the State may not be pledged
28 directly or indirectly to secure any money due under a contract
29 authorized by this subdivision.
- 30 (4) The Secretary of Revenue shall consult with the State Treasurer before
31 approving any arrangements entered into with third-party vendors
32 which involve the remittance of funds by electronic funds transfer, so
33 that the needs and concerns of both agencies may be considered and
34 addressed.

35 Sec. 3. This act becomes effective July 1, 1991.