



# SENATE BILL 356: Surplus Property Proceeds to Parks and Water.

2019-2020 General Assembly

<b>Committee:</b>	House Rules, Calendar, and Operations of the House	<b>Date:</b>	July 29, 2019
<b>Introduced by:</b>	Sens. Wells, Brown	<b>Prepared by:</b>	Howard Marsilio
<b>Analysis of:</b>	PCS to Third Edition S356-CSBG-60		Staff Attorney

**OVERVIEW:** *The Proposed Committee Substitute (PCS) to Senate Bill 356 would distribute a portion of the gross proceeds from the sale of State-owned real property located outside the State Capital Area to the Clean Water Management Trust Fund and the Parks and Recreation Trust Fund, and would also clarify that:*

- *The State Surplus Property Agency must enter into two regional contracts for towing, storing, processing, and selling certain seized motor vehicles.*
- *The State Surplus Property Agency or the county board of education may sell a seized motor vehicle under certain circumstances.*

*The PCS adds Sections 2 and 3 to the bill that relate to the State Surplus Property Agency and seized motor vehicles involved in certain criminal offenses.*

**CURRENT LAW: Section 1:** Under current law, the net proceeds from the sale of State-owned real property are distributed according to the following priority: 1) in accordance with the provisions of any trust or other instrument of title for the property; 2) as provided by an act of the General Assembly; 3) deposited with the State Treasurer, where the net proceeds become part of the General Fund.

Net proceeds from the sale of State-owned real property are the gross proceeds from the sale less:

- Expenses incurred incident to the sale as provided under rules adopted by the Governor and approved by the Council of State.
- A service charge to be paid into the State Land Fund as provided under rules adopted by the Governor and approved by the Council of State, but not to exceed 10% of the gross proceeds. Under certain circumstances, the service charge to be paid into the State Land Fund is not allowed.

There are a number of exceptions to the general disposition priority where State agencies may retain the net proceeds from the sale of real property held by the agency.

**Sections 2 & 3:** Current law authorizes the State Surplus Property Agency to enter into one statewide contract for towing, storing, processing, maintaining, and selling seized motor vehicles involved in impaired driving while license revoked or without license and insurance, or felony speeding to elude arrest offenses. The State Surplus Property Agency or a county board of education is authorized to sell motor vehicles under certain circumstances less than \$1,500. The county board of education may also sell a seized motor vehicle involved in these offenses, regardless of the fair market value, any time the outstanding towing and storage costs exceed eighty-five percent (85%) of the fair market value of the vehicle, or with the consent of all the motor vehicle owners.

Karen Cochrane-Brown  
Director



S 3 5 6 - S M B G - 1 5 2 C S B G - 6 0 - V - 4

Legislative Analysis  
Division  
919-733-2578

# Senate PCS 356

Page 2

**BILL ANALYSIS:** The PCS would modify how net proceeds are calculated for the sale of State-owned real property that is located outside the State Capital Area. In addition to expenses incurred incident to sale and a service charge to be paid to the State Land Fund, gross proceeds would be reduced by the following:

- 12.5% of the gross amount received, to be paid into the Clean Water Management Trust Fund.
- 12.5% of the gross amount received, to be paid into the Parks and Recreation Trust Fund.

The bill would define State Capital Area as the area located in Raleigh that is bound by Peace Street on the north, Capital Boulevard/Dawson Street on the west, Morgan Street on the south, and Person Street on the east.

These changes would not apply to proceeds derived from the sale of land or property originally purchased with, under the supervision and control of, or maintained with funds from the State Highway Fund or proceeds derived from the disposition of residue property.

**Sections 2 & 3:** The PCS would require the State Surplus Property Agency to enter into two contracts (versus one) for towing, storing, processing, maintaining, and selling motor vehicles involved in impaired driving while license revoked or without license and insurance, or felony speeding to elude arrest offenses, and would require that each contract must be let to a separate vendor. The PCS also would clarify that the county board of education and the State Surplus Property Agency may sell a seized motor vehicle, regardless of value, involved in these offenses under certain circumstances.

**EFFECTIVE DATE:** This act would become effective September 1, 2019.

*\*Jeff Hudson, counsel to Senate Agriculture/Environment/Natural Resources, substantially contributed to this summary.*