

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** Senate Bill 1474 (First Edition)

**SHORT TITLE:** Lease Law Exemption/ Buncombe T.C.C.

**SPONSOR(S):** Senators Metcalf, Carter, and Carpenter

**FISCAL IMPACT**

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

**FY 2000-01   FY 2001-02   FY 2002-03   FY 2003-04   FY 2004-05**

**REVENUES**

**EXPENDITURES**

**PRINCIPAL DEPARTMENT(S) &**

**PROGRAM(S) AFFECTED:** State Board of Community Colleges, Buncombe County,  
Asheville-Buncombe Technical Community College

**EFFECTIVE DATE:** The act is effective when it becomes law.

**BILL SUMMARY:**

The bill authorizes Asheville - Buncombe Technical Community College to lease certain property by private negotiation and allows the flexible use of lease proceeds.

**BACKGROUND:**

The Asheville - Buncombe Technical Community College Enka Center is the former corporate headquarters for BASF. The Enka Center includes 36.64 acres of land and three buildings with 220,000 square feet of space. The college plans to lease one building to BASF for its research and development program. A second building will be used to begin a Small Business Incubator program in cooperation with the Asheville Area Chamber of Commerce and the Buncombe County Economic Development Commission. The third building may be used as a Corporate Technology Training and Conference Center in conjunction with Western Carolina University.

**ASSUMPTIONS AND METHODOLOGY:**

The College estimates that it will take \$5.1 million to renovate and equip the Enka Center for operation. These funds will come from a combination of state, federal and local grants as well as funding from the proposed higher education bond that is before the voters this fall. As for annual

maintenance and operating costs of these facilities, no estimate is currently available. G.S. 115D-32 requires counties to pay for the plant operation and maintenance and support services of community college facilities. This includes such costs as janitorial services, utilities, grounds maintenance, building repairs, and insurance. By authorizing lease payments for the Enka Center, SB 1474 will produce annual revenue for the College for these operating expenses. The more revenue the College raises from lease income, the less dependent it will be on appropriations from Buncombe County. Greater dependence on leases or user fees reduces the pressure on Buncombe County Commissioners to raise property taxes to fund annual operating needs.

**TECHNICAL CONSIDERATIONS:**

G.S. 115D-15 gives the State Board of Community Colleges the power to approve the sale, exchange or lease of property. This bill denies the State Board the right to prior approval for leases at the Enka Center at Asheville - Buncombe Technical Community College. The bill might be amended to at least require Asheville - Buncombe Technical Community College to annually report to the State Board a list of leases agreed to in the previous year.

G.S. 115D-15 also directs community colleges to use the proceeds of a property transaction for capital outlay purposes, but this bill allows the funds to be used for current operating expenses at the Enka Center. While not the norm in operating procedure for the community college system, it does give Asheville - Buncombe Technical Community College operating funds to maintain a large physical plant at the Enka Center.

**FISCAL RESEARCH DIVISION 733-4910**

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**DATE:** June 20, 2000



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