



**ASSUMPTIONS AND METHODOLOGY:**

The Department of State Treasurer reports that there will be a minimal loss to the Escheat Fund and to the North Carolina Education Assistance Authority. [ Interest earnings on the principal in the Escheat Fund are used to provide low interest student loans to North Carolina residents attending public universities. ] The actions of the 1996 General Assembly prohibited Escheat Fund audits from identifying forfeited room deposits prior to July 1, 1996. The violation of forfeited room deposits subject to escheat is normally discovered through audit procedures. The department does not have sufficient audit records, recording forfeited room and reservation deposits, to prepare an estimate on future losses.

The only information available, as to a fiscal impact, is a record of audits conducted by the Escheat Program in 1996. At least three audits were performed that year on separate resort hotels and one of the resorts was identified as having violated its nonrefundable deposit policy. The balance in room deposits held by the resort was \$1.1 million. The Escheat Program did not collect the \$1.1 million because of the 1996 actions of the General Assembly.

If North Carolina fails to collect unclaimed or forfeited room and reservation deposits from a business association that is located in this State but incorporated in another state then the property is subject to escheat in the state of incorporation.  
Texas v. New Jersey (§ 2.05[4][a][I],infra.)

**FISCAL RESEARCH DIVISION**

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