

MAINE STATE LEGISLATURE

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DATE: 4/8/2000

(Filing No. S-688)

TAXATION

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STATE OF MAINE
SENATE
119TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 1053, L.D. 2643, Bill, "An Act Ensuring that Certain Land Transfers Accomplished through Stock Transfers are not Exempt from the Transfer Tax"

Amend the bill in section 3 in that part designated "§4641-A." in subsection 1 in paragraph A in the first line (page 2, line 9 in L.D.) by striking out the following: "\$2.20" and inserting in its place the following: '\$2.00'

Further amend the bill in section 3 in that part designated "§4641-A." in subsection 2 in paragraph A in the first line (page 2, line 20 in L.D.) by striking out the following: "\$2.20" and inserting in its place the following: '\$2.00'

Further amend the bill in section 8 by striking out all of the first line (page 4, line 25 in L.D.) and inserting in its place the following:

'Sec. 8. 36 MRSA §4641-C, sub-§§19, 20 and 21 are enacted to read:'

Further amend the bill in section 8 in subsection 19 in the last line (page 4, line 34 in L.D.) by striking out the following: "; and" and inserting in its place the following: ';'.

Further amend the bill in section 8 in subsection 20 in the 3rd line (page 4, line 38 in L.D.) by inserting after the following: "exemption" the following: ', under any provision of

this section other than subsections 7, 8 or 10.'

Further amend the bill in section 8 in subsection 20 in the last line (page 4, line 40 in L.D.) by striking out the following: "._" and inserting in its place the following: 'and'

Further amend the bill in section 8 by inserting at the end the following:

'21. Certain financial institutions. Transfers of property by means of transfer of a controlling interest in a financial institution, as defined in section 5206-D, subsection 8, if the property was acquired by the financial institution by foreclosure on a mortgage or other loan and is held for resale.'

Further amend the bill in section 15 in the 2nd line (page 6, line 25 in L.D.) by striking out the following: "March 1, 2000" and inserting in its place the following: 'January 1, 2001'

Further amend the bill by inserting at the end before the summary the following:

FISCAL NOTE

The bill will have an insignificant net effect on revenue generated by the Real Estate Transfer Tax.

The Bureau of Revenue Services will incur some minor additional costs to develop and distribute a new form for reporting transfers of controlling interests. These costs can be absorbed within the bureau's existing budgeted resources.

This bill may increase prosecutions for Class E crimes. If a jail sentence is imposed, the additional costs to the counties are estimated to be \$83.36 per day per prisoner. The number of prosecutions that may result in a jail sentence and the resulting costs to the county jail system are expected to be insignificant.

The additional workload and administrative costs associated with the minimal number of new cases filed in the court system can be absorbed within the budgeted resources of the Judicial Department. The collection of additional fines may increase General Fund revenue by minor amounts.'

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SUMMARY

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This amendment is the majority amendment. It reduces the tax rate on the transfer tax to eliminate any net increase in revenue from the application of the transfer tax to controlling interests. The amendment excludes from the transfer tax on transfers of controlling interests property that is acquired by a financial institution by foreclosure on a mortgage or other loan and that is held for resale. The amendment also changes the effective date of the bill to January 1, 2001 and provides a new fiscal note.

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