

## SENATE BILL SUMMARY

Prepared by the Division of Legislative Information for the Senate Bill **AS ORIGINALLY FILED**. For more detail, see Senate Bill Analyses, if available, prepared by the Senate's professional committee staff.

SB 234

### Excise Tax on Documents/Short Sale by Senator Ring

Defines a short sale as a purchase and sale of real property where:

- The seller's interest in the real property is encumbered by a mortgage in an amount greater than the purchase price paid by the buyer
- A mortgagee releases the real property from its mortgage for an amount less than the outstanding mortgage indebtedness
- The releasing mortgagee does not receive any interest in the property transferred and
- The releasing mortgagee, grantor, and grantee are engaged in an arm's length transaction.

Provides that the documentary stamp tax applies to transfers of real property pursuant to a short sale, but that the taxable consideration does not include unpaid indebtedness that is forgiven or released by a mortgagee holding a mortgage on the property.

Authorizes the Department of Revenue to adopt rules establishing arm's length criteria for short sale purposes. (See bill for details)