

CS/HB 109 — Excise Tax on Documents/Short Sale

by Finance and Tax Council and Rep. Jenne and others (CS/CS/SB 234 by Finance and Tax Committee; Judiciary Committee; and Senators Ring and Crist)

This bill defines the term “short sale” and provides that a 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.

The bill defines a short sale as a purchase and sale of real property in which the following apply:

- The grantor’s (seller’s) interest in the real property is encumbered by a mortgage in an amount greater than the purchase price paid by the grantee (buyer);
- A mortgagee releases the real property from its mortgage for an amount less than the total outstanding mortgage indebtedness;
- The releasing mortgagee does not receive any interest in the property transferred; and
- The releasing mortgagee is not controlled by or related to the grantor or grantee.

If approved by the Governor, these provisions take effect July 1, 2010.

Vote: Senate 34-0; House 114-0