



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 761

PRINTERS NO. 2590

PRIME SPONSOR: Cutler

COST / (SAVINGS)

FUND	FY 2011/12	FY 2012/13
General Fund	Nominal cost	Nominal cost

SUMMARY: House Bill 761, Printer's Number 2590, amends the Tax Reform Code of 1971, further providing in realty transfer tax for definitions, excluded transactions and acquired company.

ANALYSIS: This legislation amends the term "association" to include a limited liability partnership and the term "corporation" to include a limited liability company. Current language in the Tax Reform Code provides for the definitions of "family farm corporation" and "family farm partnership". These definitions are removed and a new definition is created for a "family farm business" which is a corporation or association of which at least 75% of its assets are devoted to the business of agriculture and at least 75% of each class of stock of the corporation or interest in the association is continuously owned by members of the same family. Furthermore, Section 1102-C.3 (Excluded Transactions) is amended to incorporate the new definition of a family farm business. The effect of the above definitional changes and amendments to the excluded transaction section is to ensure that when a family farm business is reorganized to provide limited liability that no realty transfer tax is imposed if there has been no essential change in proportionate share of ownership interest among the family members in the succeeding family farm business.

Similarly, the provisions upon which a family farm becomes an acquired company are amended to incorporate the new term "family farm business".

The act takes effect immediately and applies to transactions occurring after December 31, 2008.

FISCAL IMPACT: Enactment of this legislation will have a nominal impact on General Fund revenues. According to the Department of Revenue a very limited number of transactions occur in a fiscal year.

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House Appropriations Committee (R)

DATE: December 9, 2011

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.