

REPORT #609

TAX SECTION

New York State Bar Association

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NEW YORK STATE BAR ASSOCIATION
TAX SECTION REPORT #609

LETTER DATED APRIL 14, 1989 TO GOVERNOR MARIO R. CUOMO COMMENTING
ON THE APRIL 12, 1989 DRAFT BILL CONCERNING TAX TREATMENT OF
MERGERS, CONSOLIDATIONS AND ACQUISITIONS.

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April 14, 1989

BY TELECOPIER

The Honorable Mario R. Cuomo
Governor, State of New York
The Capitol Albany, New York

Dear Governor Cuomo:

We understand that a draft bill dated April 12, 1989 in relation to the tax treatment of mergers, consolidations and acquisitions will be considered and may be acted upon this weekend as part of the budget proceedings. In the brief time the bill has been available, there has been no opportunity for public comment, and the Tax Section has not had an opportunity to study the bill in detail.

The Tax Section officers wish to convey to you their deep concern over how this matter is being handled. The policy and technical issues raised by the bill are complex. It is the unanimous view of the Tax Section officers that enactment of tax legislation in this complex area without an opportunity for careful public review would be irresponsible.

We have serious reservations as to the wisdom of the State enacting legislation in this area before any federal action takes shape. But whatever view is taken on that issue, even a cursory review of the bill shows that it is so replete with technical deficiencies that its passage without substantial technical revisions can only

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be expected to lead to ridicule of the State for naivete and ineptitude and outrage at the many problems that will be raised.

We know you appreciate the Tax Section's reputation for temperance and reasoned commentary, and that the unusually strong language above will accordingly convey the depth of our concern. We are not unmindful of the pressures of the budget process, particularly this year. We also do not mean to impune the efforts of staff in trying to draft a bill within such a short time frame. But as the recent federal committee hearings have highlighted, the complexity of the area involved is such that, no matter how well-intentioned and conscientious the drafting effort, it is inevitable that any proposal will produce numerous unintended effects and impacts unless it receives considered review and discussion.

We therefore urge you not to take action in this area until there has been an opportunity for full public review and comment on any proposed bill.

Sincerely,

Wm. L. Burke
Chair

WMB:dr

cc: Evan Davis, Esq.

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