

SENATE BILL 845

Q6

2lr2508
CF 2lr1769

By: **Senators King, Currie, Garagiola, Madaleno, Manno, Peters, Pugh,
Ramirez, and Robey**

Introduced and read first time: February 3, 2012

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Recordation and Transfer Taxes – Transfer of Property Between Related**
3 **Entities – Exemption**

4 FOR the purpose of exempting from the recordation tax and the State transfer tax the
5 transfer of real property between a parent partnership or limited liability
6 company and its subsidiary or between subsidiaries wholly owned by the same
7 parent partnership or limited liability company under certain circumstances;
8 exempting from the recordation tax and the State transfer tax the transfer of
9 real property between a subsidiary partnership or limited liability company and
10 its parent under certain circumstances; and generally relating to exempting
11 certain transfers of real property between related partnerships or limited
12 liability companies from the recordation tax and the State transfer tax.

13 BY repealing and reenacting, with amendments,
14 Article – Tax – Property
15 Section 12–108(p) and 13–207(a)(9)
16 Annotated Code of Maryland
17 (2007 Replacement Volume and 2011 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article – Tax – Property**

21 12–108.

22 (p) An instrument of writing is not subject to recordation tax if the
23 instrument of writing is:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (1) a transfer of title to real property between a parent
2 **PARTNERSHIP, LIMITED LIABILITY COMPANY, OR** corporation and its subsidiary
3 **PARTNERSHIP, LIMITED LIABILITY COMPANY, OR** corporation or between 2 or more
4 subsidiary **PARTNERSHIPS, LIMITED LIABILITY COMPANIES, OR** corporations
5 wholly owned by the same parent **PARTNERSHIP, LIMITED LIABILITY COMPANY, OR**
6 **OR** corporation, if the parent **PARTNERSHIP, LIMITED LIABILITY COMPANY, OR**
7 corporation is an original **PARTNER, MEMBER, OR** stockholder of the subsidiary
8 **PARTNERSHIP, LIMITED LIABILITY COMPANY, OR** corporation, or subsidiary
9 **PARTNERSHIPS, LIMITED LIABILITY COMPANIES, OR** corporations, or became a
10 **PARTNER, MEMBER, OR** stockholder through gift or bequest from an original
11 **PARTNER, MEMBER, OR** stockholder of the subsidiary **PARTNERSHIP, LIMITED**
12 **LIABILITY COMPANY, OR** corporation, or subsidiary **PARTNERSHIPS, LIMITED**
13 **LIABILITY COMPANIES, OR** corporations, for:

14 (i) no consideration;

15 (ii) nominal consideration; or

16 (iii) consideration that comprises only the issuance, cancellation,
17 or surrender of **PARTNERSHIP INTERESTS, MEMBERSHIP INTERESTS, OR** stock of a
18 subsidiary **PARTNERSHIP, LIMITED LIABILITY COMPANY, OR** corporation;

19 (2) an instrument of writing made pursuant to reorganizations
20 described in § 368(a) of the Internal Revenue Code; or

21 (3) a transfer of title to real property from a subsidiary
22 **PARTNERSHIP, LIMITED LIABILITY COMPANY, OR** corporation to its parent
23 **PARTNERSHIP, LIMITED LIABILITY COMPANY, OR** corporation for no consideration,
24 nominal consideration or consideration that comprises only the issuance, cancellation,
25 or surrender of a subsidiary's **PARTNERSHIP INTERESTS, MEMBERSHIP**
26 **INTERESTS, OR** stock, where the parent **PARTNERSHIP, LIMITED LIABILITY**
27 **COMPANY, OR** corporation:

28 (i) previously owned the real property;

29 (ii) owns the **PARTNERSHIP INTERESTS, MEMBERSHIP**
30 **INTERESTS, OR** stock of the subsidiary and has owned [that] **THE PARTNERSHIP**
31 **INTERESTS, MEMBERSHIP INTERESTS, OR** stock for a period greater than 18
32 months; or

33 (iii) acquires the **PARTNERSHIP INTERESTS, MEMBERSHIP**
34 **INTERESTS, OR** stock of a subsidiary **PARTNERSHIP, LIMITED LIABILITY**
35 **COMPANY, OR** corporation which has been in existence and has owned the real
36 property for a period of 2 years.

1 13-207.

2 (a) An instrument of writing is not subject to transfer tax to the same extent
3 that it is not subject to recordation tax under:

4 (9) § 12-108(p) of this article (Transfer of corporate property between
5 related corporations, **PARTNERSHIPS, OR LIMITED LIABILITY COMPANIES**);

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 July 1, 2012.