
**By: Delegates Finifter, Frank, Morhaim, Mohorovic, Rzepkowski, McKee, Ports,
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Introduced and read first time: February 2, 1996

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Recordation and Transfer Taxes - Transfers from Partnerships to Limited Liability**
3 **Companies**

4 FOR the purpose of exempting from the recordation tax and the State and county
5 transfer taxes certain instruments of writing that transfer title to real property from
6 a partnership to a limited liability company under certain circumstances.

7 BY adding to

8 Article - Tax - Property
9 Section 12-108(y)
10 Annotated Code of Maryland
11 (1994 Replacement Volume and 1995 Supplement)

12 BY repealing and reenacting, with amendments,

13 Article - Tax - Property
14 Section 13-207(a) and 13-405
15 Annotated Code of Maryland
16 (1994 Replacement Volume and 1995 Supplement)

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

19 **Article - Tax - Property**

20 12-108.

21 (Y) AN INSTRUMENT OF WRITING THAT TRANSFERS TITLE TO REAL
22 PROPERTY FROM A PARTNERSHIP TO A LIMITED LIABILITY COMPANY IS NOT
23 SUBJECT TO RECORDATION TAX IF:

24 (1) THE MEMBERS OF THE LIMITED LIABILITY COMPANY ARE
25 IDENTICAL TO THE PARTNERS OF THE CONVERTING PARTNERSHIP; AND

26 (2) EACH MEMBER'S ALLOCATION OF THE PROFITS AND LOSSES OF THE
27 LIMITED LIABILITY COMPANY IS IDENTICAL TO THAT MEMBER'S ALLOCATION OF
28 THE PROFITS AND LOSSES OF THE CONVERTING PARTNERSHIP.

2

1 13-207.

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

4 (1) § 12-108(a) of this article (Transfer to government or public agency);

5 (2) § 12-108(c) of this article (Transfer between relatives);

6 (3) § 12-108(d) of this article (Transfer between spouses);

7 (4) § 12-108(e) of this article (Supplemental instrument);

8 (5) § 12-108(f) of this article (Previously recorded instrument);

9 (6) § 12-108(l) of this article (Judgments);

10 (7) § 12-108(n) of this article (Order of satisfaction);

11 (8) § 12-108(o) of this article (Participation agreement);

12 (9) § 12-108(p) of this article (Transfer of corporate property between
13 related corporations);

14 (10) § 12-108(q) of this article (Corporate or partnership conveyance);

15 (11) § 12-108(r) of this article (Land installment contracts);

16 (12) § 12-108(s) of this article (Options to purchase real property);

17 (13) § 12-108(t) of this article (Deed for prior contract of sale);

18 (14) § 12-108(u) of this article (Leases of 7 years or less);

19 (15) § 12-108(v) of this article (Mergers);

20 (16) § 12-108(w) of this article (Consolidations); [or]

21 (17) § 12-108(x) of this article (Cooperative housing corporations); OR

22 (18) § 12-108(Y) OF THIS ARTICLE (TRANSFER FROM PARTNERSHIP TO
23 LIMITED LIABILITY COMPANY).

24 13-405.

25 (a) Except as provided in subsection (c) of this section, county transfer tax applies
26 to conveyances that transfer the real property of a corporation to its stockholders, a
27 limited liability company to its members, or a partnership to its partners on:

28 (1) liquidation;

29 (2) dissolution; or

30 (3) termination.

3

1 (b) For a conveyance that is taxable under this section, county transfer tax applies
2 to the value of the real property determined by the Department at the date of finality
3 immediately before the date of transfer.

4 (c) A corporate, limited liability company, or partnership transfer as described in
5 § 12-108(p), (q), (v), [and] (w), AND (Y) of this article is not subject to the county
6 transfer tax.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 July 1, 1996.