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CHAPTER _____

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:

2

1 **Article - Tax - Property**

2 12-108.

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

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

8 (2) EACH MEMBER'S ALLOCATION OF THE PROFITS AND LOSSES OF THE
9 LIMITED LIABILITY COMPANY IS IDENTICAL TO THAT MEMBER'S ALLOCATION OF
10 THE PROFITS AND LOSSES OF THE CONVERTING PARTNERSHIP.

11 13-207.

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

14 (1) § 12-108(a) of this article (Transfer to government or public agency);

15 (2) § 12-108(c) of this article (Transfer between relatives);

16 (3) § 12-108(d) of this article (Transfer between spouses);

17 (4) § 12-108(e) of this article (Supplemental instrument);

18 (5) § 12-108(f) of this article (Previously recorded instrument);

19 (6) § 12-108(l) of this article (Judgments);

20 (7) § 12-108(n) of this article (Order of satisfaction);

21 (8) § 12-108(o) of this article (Participation agreement);

22 (9) § 12-108(p) of this article (Transfer of corporate propertybetween
23 related corporations);

24 (10) § 12-108(q) of this article (Corporate or partnership conveyance);

25 (11) § 12-108(r) of this article (Land installment contracts);

26 (12) § 12-108(s) of this article (Options to purchase real property);

27 (13) § 12-108(t) of this article (Deed for prior contract of sale);

28 (14) § 12-108(u) of this article (Leases of 7 years or less);

29 (15) § 12-108(v) of this article (Mergers);

30 (16) § 12-108(w) of this article (Consolidations); [or]

31 (17) § 12-108(x) of this article (Cooperative housing corporations); OR

32 (18) § 12-108(Y) OF THIS ARTICLE (TRANSFER FROM PARTNERSHIP TO
33 LIMITED LIABILITY COMPANY).

3

1 13-405.

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

5 (1) liquidation;

6 (2) dissolution; or

7 (3) termination.

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

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

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