

HOUSE BILL 372

Q6, C1

3lr0905
CF SB 202

By: **Delegates Barve, Branch, Cardin, Dwyer, Feldman, Fisher, Frick, George, Gilchrist, Hixson, Holmes, Ivey, Kaiser, Luedtke, A. Miller, Mitchell, Rosenberg, Serafini, Simmons, and F. Turner**

Introduced and read first time: January 25, 2013

Assigned to: Ways and Means

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 business entity and its wholly owned
6 subsidiary or between subsidiaries wholly owned by the same parent business
7 entity under certain circumstances; defining certain terms; providing for the
8 application of this Act; and generally relating to exempting certain transfers of
9 real property between related business entities from the recordation tax and the
10 State transfer tax.

11 BY repealing and reenacting, with amendments,
12 Article – Tax – Property
13 Section 12–108(p) and 13–207(a)(9)
14 Annotated Code of Maryland
15 (2012 Replacement Volume)

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

18 **Article – Tax – Property**

19 12–108.

20 (p) **(1) (I)** IN THIS SUBSECTION THE FOLLOWING WORDS HAVE
21 THE MEANINGS INDICATED.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(II) “BUSINESS ENTITY” MEANS A PARTNERSHIP, LIMITED**
2 **PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION.**

3 **(III) “OWNER” MEANS A PARTNER, MEMBER, OR**
4 **STOCKHOLDER OF A BUSINESS ENTITY.**

5 **(IV) “OWNERSHIP INTEREST” MEANS A PARTNERSHIP**
6 **INTEREST, MEMBERSHIP INTEREST, OR STOCK.**

7 **(2)** An instrument of writing is not subject to recordation tax if the
8 instrument of writing is:

9 **[(1)] (I)** a transfer of title to real property between a parent
10 **[corporation] BUSINESS ENTITY** and its **WHOLLY OWNED** subsidiary **[corporation]**
11 **BUSINESS ENTITY** or between 2 or more subsidiary **[corporations] BUSINESS**
12 **ENTITIES** wholly owned by the same parent **[corporation] BUSINESS ENTITY**, if the
13 parent **[corporation] BUSINESS ENTITY** is an original **[stockholder] OWNER** of the
14 subsidiary **[corporation, or subsidiary corporations] BUSINESS ENTITY**, or became **[a**
15 **stockholder] AN OWNER** through gift or bequest from an original **[stockholder]**
16 **OWNER** of the subsidiary **[corporation, or subsidiary corporations] BUSINESS ENTITY**,
17 for:

18 **[(i)] 1.** no consideration;

19 **[(ii)] 2.** nominal consideration; or

20 **[(iii)] 3.** consideration that comprises only the issuance,
21 cancellation, or surrender of **[stock] THE OWNERSHIP INTERESTS** of a subsidiary
22 **[corporation] BUSINESS ENTITY**;

23 **[(2)] (II)** an instrument of writing made pursuant to reorganizations
24 described in § 368(a) of the Internal Revenue Code; or

25 **[(3)] (III)** a transfer of title to real property from a subsidiary
26 **[corporation] BUSINESS ENTITY** to its parent **[corporation] BUSINESS ENTITY** for no
27 consideration, nominal consideration or consideration that comprises only the
28 issuance, cancellation, or surrender of a subsidiary’s **[stock] OWNERSHIP INTEREST**,
29 where the parent **[corporation] BUSINESS ENTITY**:

30 **[(i)] 1.** previously owned the real property;

31 **[(ii)] 2.** **CURRENTLY** owns the **[stock] OWNERSHIP**
32 **INTEREST** of the subsidiary and has owned that **[stock] OWNERSHIP INTEREST** for a
33 period greater than 18 months; or

1 [(iii)] **3.** acquires the [stock] **OWNERSHIP INTEREST** of a
2 subsidiary [corporation] **BUSINESS ENTITY** which has been in existence and has
3 owned the real property for a period of 2 years.

4 13-207.

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

7 (9) § 12-108(p) of this article (Transfer of corporate property between
8 related [corporations] **BUSINESS ENTITIES**);

9 **SECTION 2. AND BE IT FURTHER ENACTED,** That this Act shall take effect
10 July 1, 2013, and shall be applicable to all instruments of writing recorded on or after
11 July 1, 2013.