

# SENATE BILL 202

Q6, C1

3lr0874  
CF HB 372

---

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

Introduced and read first time: January 18, 2013

Assigned to: Budget and Taxation

---

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 7, 2013

---

## CHAPTER \_\_\_\_\_

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; providing for the termination of this Act; and generally  
9 relating to exempting certain transfers of real property between related  
10 business entities from the recordation tax and the 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.

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (p) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE  
2 THE MEANINGS INDICATED.

3 (II) "BUSINESS ENTITY" MEANS A ~~PARTNERSHIP, LIMITED~~  
4 ~~PARTNERSHIP,~~ LIMITED LIABILITY COMPANY, OR CORPORATION.

5 (III) "OWNER" MEANS A ~~PARTNER,~~ MEMBER, OR  
6 STOCKHOLDER OF A BUSINESS ENTITY.

7 (IV) "OWNERSHIP INTEREST" MEANS A ~~PARTNERSHIP~~  
8 ~~INTEREST,~~ MEMBERSHIP INTEREST, OR STOCK.

9 (2) An instrument of writing is not subject to recordation tax if the  
10 instrument of writing is:

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

20 [(i)] 1. no consideration;

21 [(ii)] 2. nominal consideration; or

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

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

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

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

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

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

7 13–207.

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

10                    (9) § 12–108(p) of this article (Transfer of corporate property between  
 11 related [corporations] BUSINESS ENTITIES);

12            SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
 13 July 1, 2013, and shall be applicable to all instruments of writing recorded on or after  
 14 July 1, 2013. It shall remain effective for a period of 5 years and, at the end of June 30,  
 15 2018, with no further action required by the General Assembly, this Act shall be  
 16 abrogated and of no further force and effect.

Approved:

---

Governor.

---

President of the Senate.

---

Speaker of the House of Delegates.