

SENATE BILL 202

Q6, C1

3lr0874
CF 3lr0905

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

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.**

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (III) “OWNER” MEANS A PARTNER, MEMBER, OR
2 STOCKHOLDER OF A BUSINESS ENTITY.

3 (IV) “OWNERSHIP INTEREST” MEANS A PARTNERSHIP
4 INTEREST, MEMBERSHIP INTEREST, OR STOCK.

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

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

16 [(i)] 1. no consideration;

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

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

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

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

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

29 [(ii)] 2. CURRENTLY owns the [stock] OWNERSHIP
30 INTEREST of the subsidiary and has owned that [stock] OWNERSHIP INTEREST for a
31 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.