

# Chapter 453

## (House Bill 372)

AN ACT concerning

### **Recordation and Transfer Taxes – Transfer of Property Between Related Entities – Exemption**

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

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

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

#### **Article – Tax – Property**

12–108.

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

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

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

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

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

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

[(i)] 1. no consideration;

[(ii)] 2. nominal consideration; or

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

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

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

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

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

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

13-207.

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

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

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

**Approved by the Governor, May 16, 2013.**