

SENATE BILL 106

Q6

4lr0060

(PRE-FILED)

By: **Chair, Budget and Taxation Committee (By Request – Departmental – Assessments and Taxation)**

Requested: October 10, 2013

Introduced and read first time: January 8, 2014

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Recordation and Transfer Taxes – Transfer of Property Between Business**
3 **Entities – Reorganizations – Exemption**

4 FOR the purpose of exempting from the recordation tax and the State transfer tax the
5 transfer of real property between certain business entities as part of a certain
6 reorganization; providing for the application of this Act; and generally relating
7 to the recordation tax and the State transfer tax.

8 BY repealing and reenacting, with amendments,
9 Article – Tax – Property
10 Section 12–108(p) and 13–207(a)(9)
11 Annotated Code of Maryland
12 (2012 Replacement Volume and 2013 Supplement)

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

15 **Article – Tax – Property**

16 12–108.

17 (p) (1) (i) In this subsection the following words have the meanings
18 indicated.

19 (ii) “Business entity” means a limited liability company or
20 corporation.

21 (iii) “Owner” means a member or stockholder of a business
22 entity.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (iv) "Ownership interest" means a membership interest or stock.

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

4 (i) a transfer of title to real property between a parent business
5 entity and its wholly owned subsidiary business entity or between 2 or more
6 subsidiary business entities wholly owned by the same parent business entity, if the
7 parent business entity is an original owner of the subsidiary business entity, or
8 became an owner through gift or bequest from an original owner of the subsidiary
9 business entity, for:

10 1. no consideration;

11 2. nominal consideration; or

12 3. consideration that comprises only the issuance,
13 cancellation, or surrender of the ownership interests of a subsidiary business entity;

14 (ii) an instrument of writing made pursuant to
15 [reorganizations] **THE REORGANIZATION OF A BUSINESS ENTITY AS** described in §
16 368(a) of the Internal Revenue Code; or

17 (iii) a transfer of title to real property from a subsidiary business
18 entity to its parent business entity for no consideration, nominal consideration or
19 consideration that comprises only the issuance, cancellation, or surrender of a
20 subsidiary's ownership interest, where the parent business entity:

21 1. previously owned the real property;

22 2. currently owns the ownership interest of the
23 subsidiary and has owned that ownership interest for a period greater than 18
24 months; or

25 3. acquires the ownership interest of a subsidiary
26 business entity which has been in existence and has owned the real property for a
27 period of 2 years.

28 13–207.

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

31 (9) § 12–108(p) of this article (Transfer of [corporate] property
32 between related business entities);

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2014, and shall be applicable to all instruments of writing recorded on or after
3 July 1, 2014.