

## Chapter 129

### (Senate Bill 106)

AN ACT concerning

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

FOR the purpose of exempting from the recordation tax and the State transfer tax the transfer of real property between certain business entities as part of a certain reorganization; providing for the application of this Act; and generally relating to 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 and 2013 Supplement)

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 limited liability company or corporation.

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

(iv) “Ownership interest” means a membership interest or stock.

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

(i) a transfer of title to real property between a parent business entity and its wholly owned subsidiary business entity or between 2 or more subsidiary business entities wholly owned by the same parent business entity, if the parent business entity is an original owner of the subsidiary business entity, or

became an owner through gift or bequest from an original owner of the subsidiary business entity, for:

1. no consideration;
2. nominal consideration; or
3. consideration that comprises only the issuance, cancellation, or surrender of the ownership interests of a subsidiary business entity;

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

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

1. previously owned the real property;
2. currently owns the ownership interest of the subsidiary and has owned that ownership interest for a period greater than 18 months; or
3. acquires the ownership interest of a subsidiary 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 business entities);

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

**Approved by the Governor, April 14, 2014.**