
By: Delegates Genn and Hurson

Introduced and read first time: January 30, 1997

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Limited Liability Companies - Tax Exemption for Transfers of Real Property From a**
3 **Predecessor Entity to a Limited Liability Company**

4 FOR the purpose of clarifying that an instrument of writing that transfers title to real
5 property from certain entities to a limited liability company is not subject to
6 recordation tax under certain circumstances; defining a term; and generally relating
7 to the recordation tax exemption on certain transfers of real property from certain
8 entities to a limited liability company.

9 BY repealing and reenacting, with amendments,
10 Article - Tax - Property
11 Section 12-108(y)
12 Annotated Code of Maryland
13 (1994 Replacement Volume and 1996 Supplement)

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

16 **Article - Tax - Property**

17 12-108.

18 (y) (1) IN THIS SUBSECTION "PREDECESSOR ENTITY" INCLUDES A:

- 19 (I) GENERAL PARTNERSHIP;
- 20 (II) LIMITED PARTNERSHIP;
- 21 (III) LIMITED LIABILITY PARTNERSHIP;
- 22 (IV) LIMITED LIABILITY LIMITED PARTNERSHIP; AND
- 23 (V) JOINT VENTURE.

24 (2) An instrument of writing that transfers title to real property from a
25 [partnership] PREDECESSOR ENTITY OR A TRUSTEE OR NOMINEE OF A
26 PREDECESSOR ENTITY to a limited liability company is not subject to recordation tax if:

2

1 [(1)] (I) 1. the members of the limited liability company are identical to
2 the partners of the converting GENERAL partnership, LIMITED PARTNERSHIP, LIMITED
3 LIABILITY PARTNERSHIP, OR LIMITED LIABILITY LIMITED PARTNERSHIP; [and] OR

4 2. THE MEMBERS OF THE LIMITED LIABILITY COMPANY
5 ARE IDENTICAL TO THE JOINT VENTURERS OF THE CONVERTING JOINT VENTURE;
6 AND

7 [(2)] (II) each member's allocation of the profits and losses of the limited
8 liability company is identical to that member's allocation of the profits and losses of the
9 converting [partnership] PREDECESSOR ENTITY.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 October 1, 1997.