
By: Delegates Genn and Hurson

Introduced and read first time: January 30, 1997

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 20, 1997

CHAPTER ____

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 or State or county transfer tax under certain circumstances; defining
7 a term; and generally relating to the recordation tax and State and county tax
8 exemption on certain transfers of real property from certain entities to a limited
9 liability company.

10 BY repealing and reenacting, with amendments,

11 Article - Tax - Property

12 Section 12-108(y) and 13-207(a)(18)

13 Annotated Code of Maryland

14 (1994 Replacement Volume and 1996 Supplement)

15 BY repealing and reenacting, without amendments,

16 Article - Tax - Property

17 Section 13-405(c)

18 Annotated Code of Maryland

19 (1994 Replacement Volume and 1996 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

21 MARYLAND, That the Laws of Maryland read as follows:

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1 **Article - Tax - Property**

2 12-108.

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

4 (I) GENERAL PARTNERSHIP;

5 (II) LIMITED PARTNERSHIP;

6 (III) LIMITED LIABILITY PARTNERSHIP;

7 (IV) LIMITED LIABILITY LIMITED PARTNERSHIP; ~~AND~~8 (V) PROPRIETORSHIP, COMPRISED OF ONE OR MORE
9 INDIVIDUALS, WHICH IS INVOLVED PRINCIPALLY IN BUYING, SELLING, LEASING, OR
10 MANAGING REAL PROPERTY; AND11 (VI) JOINT VENTURE.12 (2) An instrument of writing that transfers title to real property from a
13 [partnership] PREDECESSOR ENTITY OR A TRUSTEE OR NOMINEE OF A
14 PREDECESSOR ENTITY to a limited liability company is not subject to recordation tax if:15 [(1)] (I) 1. the members of the limited liability company are identical to
16 the partners of the converting GENERAL partnership, LIMITED PARTNERSHIP, LIMITED
17 LIABILITY PARTNERSHIP, OR LIMITED LIABILITY LIMITED PARTNERSHIP; [and] ~~OR~~18 2. THE MEMBERS OF THE LIMITED LIABILITY COMPANY
19 ARE IDENTICAL TO THE INDIVIDUAL OR INDIVIDUALS OF THE CONVERTING
20 PROPRIETORSHIP; OR21 3. THE MEMBERS OF THE LIMITED LIABILITY COMPANY
22 ARE IDENTICAL TO THE JOINT VENTURERS OF THE CONVERTING JOINT VENTURE;
23 ~~AND~~24 [(2)] (II) each member's allocation of the profits and losses of the limited
25 liability company is identical to that member's allocation of the profits and losses of the
26 converting [partnership] PREDECESSOR ENTITY-; AND27 (III) THE INSTRUMENT OF WRITING THAT TRANSFERS TITLE TO
28 REAL PROPERTY REPRESENTS THE DISSOLUTION OF THE PREDECESSOR ENTITY
29 FOR PURPOSES OF CONVERSION TO A LIMITED LIABILITY COMPANY.30 13-207.31 (a) An instrument of writing is not subject to transfer tax to the same extent that
32 it is not subject to recordation tax under:33 (18) § 12-108(y) of this article (Transfer from [partnership] PREDECESSOR
34 ENTITY to limited liability company).35 13-405.36 (c) A corporate, limited liability company, or partnership transfer as described in
37 § 12-108(p), (q), (v), (w), and (y) of this article is not subject to the county transfer tax.

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