
By: Senator Boozer

Introduced and read first time: February 7, 1997

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Recordation and Transfer Taxes - Exemptions for Partnerships, Limited Liability**
3 **Companies, and Corporations**

4 FOR the purpose of providing for an exemption from the recordation tax and the State
5 and county transfer taxes for certain transfers of title to real property to or from a
6 partnership, limited liability company, or corporation under certain circumstances.

7 BY adding to

8 Article - Tax - Property
9 Section 12-108(z)
10 Annotated Code of Maryland
11 (1994 Replacement Volume and 1996 Supplement)

12 BY repealing and reenacting, with amendments,

13 Article - Tax - Property
14 Section 13-207(a)(17) and (18) and 13-405(c)
15 Annotated Code of Maryland
16 (1994 Replacement Volume and 1996 Supplement)

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

19 **Article - Tax - Property**

20 12-108.

21 (Z) AN INSTRUMENT OF WRITING IS NOT SUBJECT TO RECORDATION TAX IF
22 THE INSTRUMENT OF WRITING IS:

23 (1) A TRANSFER OF TITLE TO REAL PROPERTY AS A CAPITAL
24 CONTRIBUTION TO A CORPORATION, LIMITED LIABILITY COMPANY, OR A
25 PARTNERSHIP SOLELY IN EXCHANGE FOR AN EQUITY INTEREST IN THE ENTITY;

26 (2) A TRANSFER OF TITLE TO REAL PROPERTY BETWEEN TWO
27 PARTNERSHIPS OR BETWEEN TWO LIMITED LIABILITY COMPANIES OR BETWEEN A
28 PARTNERSHIP AND A LIMITED LIABILITY COMPANY FOR NO CONSIDERATION OR
29 NOMINAL CONSIDERATION IF:

2

1 (I) THE OWNERS AND THEIR RESPECTIVE INTERESTS OF BOTH
2 ENTITIES ARE IDENTICAL; AND

3 (II) THE OWNERS OF THE TRANSFEREE ENTITY ARE ORIGINAL
4 OWNERS OF THE TRANSFEROR ENTITY OR BECAME OWNERS THROUGH A GIFT OR
5 BEQUEST FROM AN ORIGINAL OWNER;

6 (3) ARTICLES OF MERGER OR A DOCUMENT WHICH EVIDENCES THE
7 MERGER OF PARTNERSHIPS OR LIMITED LIABILITY COMPANIES IF THERE IS A
8 TRANSFER OF REAL PROPERTY FROM A PARTNERSHIP OR LIMITED LIABILITY
9 COMPANY MERGING OUT OF EXISTENCE TO ITS SUCCESSOR WHERE RECORDATION
10 TAX AND, IF THEN REQUIRED TO HAVE BEEN PAID, TRANSFER TAX WERE PAID
11 WHEN THE PARTNERSHIP OR LIMITED LIABILITY COMPANY MERGING OUT OF
12 EXISTENCE ACQUIRED TITLE TO THE REAL PROPERTY;

13 (4) A TRANSFER OF TITLE TO REAL PROPERTY FROM A PARTNERSHIP
14 TO A LIMITED LIABILITY COMPANY, A LIMITED LIABILITY TO A PARTNERSHIP, A
15 GENERAL PARTNERSHIP TO A LIMITED PARTNERSHIP, OR A LIMITED PARTNERSHIP
16 TO A GENERAL PARTNERSHIP IF:

17 (I) THE OWNERS AND THEIR RESPECTIVE INTERESTS IN BOTH
18 ENTITIES ARE IDENTICAL; AND

19 (II) THE OWNERS OF THE TRANSFEREE ENTITY ARE ORIGINAL
20 OWNERS OF THE TRANSFEROR ENTITY OR BECAME OWNERS THROUGH A GIFT OR
21 BEQUEST FROM AN ORIGINAL OWNER; OR

22 (5) A TRANSFER OF TITLE TO REAL PROPERTY FROM A CORPORATION
23 OR PARTNERSHIP OR LIMITED LIABILITY COMPANY IN PARTIAL LIQUIDATION OF
24 THE CORPORATION OR PARTNERSHIP OR LIMITED LIABILITY COMPANY IF THE
25 TRANSFEREE IS:

26 (I) AN ORIGINAL STOCKHOLDER OF THE CORPORATION OR AN
27 ORIGINAL PARTNER OF THE PARTNERSHIP OR AN ORIGINAL MEMBER OF THE
28 LIMITED LIABILITY COMPANY;

29 (II) A DIRECT DESCENDANT OR RELATIVE WITHIN 2 DEGREES OF
30 AN ORIGINAL STOCKHOLDER OF THE CORPORATION OR AN ORIGINAL PARTNER OF
31 THE PARTNERSHIP OR AN ORIGINAL MEMBER OF THE LIMITED LIABILITY COMPANY
32 COUNTING BY THE CIVIL LAW METHOD; OR

33 (III) A STOCKHOLDER OR A PARTNER OR A MEMBER WHO BECAME
34 A STOCKHOLDER OR A PARTNER OR A MEMBER THROUGH A GIFT OR BEQUEST
35 FROM AN ORIGINAL STOCKHOLDER OF THE CORPORATION OR AN ORIGINAL
36 PARTNER OF THE PARTNERSHIP OR AN ORIGINAL MEMBER OF THE LIMITED
37 LIABILITY COMPANY.

38 13-207.

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

41 (17) § 12-108(x) of this article (Cooperative housing corporations); [or]

3

1 (18) § 12-108(y) of this article (Transfer from partnership to limited liability
2 company); OR

3 (19) § 12-108(Z) OF THIS ARTICLE (CERTAIN PARTNERSHIP AND
4 CORPORATE CONVEYANCES).

5 13-405.

6 (c) A corporate, limited liability company, or partnership transfer as described in
7 § 12-108(p), (q), (v), (w), [and] (y), AND (Z) of this article is not subject to the county
8 transfer tax.

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