

SENATE BILL 381

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Q6
SB 814/97 - B&T

1998 Regular Session
8r1977
CF 8r2020

By: **Senator Boozer**

Introduced and read first time: February 6, 1998

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

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

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

8 BY adding to
9 Article - Tax - Property
10 Section 12-108(z) and 13-207(a)(19)
11 Annotated Code of Maryland
12 (1994 Replacement Volume and 1997 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article - Tax - Property
15 Section 13-207(a)(17) and (18) and 13-405(c)
16 Annotated Code of Maryland
17 (1994 Replacement Volume and 1997 Supplement)

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

20 **Article - Tax - Property**

21 12-108.

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

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

1 (2) A TRANSFER OF TITLE TO REAL PROPERTY BETWEEN TWO
2 PARTNERSHIPS OR BETWEEN TWO LIMITED LIABILITY COMPANIES OR BETWEEN A
3 PARTNERSHIP AND A LIMITED LIABILITY COMPANY FOR NO CONSIDERATION OR
4 NOMINAL CONSIDERATION IF:

5 (I) THE OWNERS AND THEIR RESPECTIVE INTERESTS OF BOTH
6 ENTITIES ARE IDENTICAL; AND

7 (II) THE OWNERS OF THE TRANSFEREE ENTITY ARE ORIGINAL
8 OWNERS OF THE TRANSFEROR ENTITY OR BECAME OWNERS THROUGH A GIFT OR
9 BEQUEST FROM AN ORIGINAL OWNER;

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

17 (4) A TRANSFER OF TITLE TO REAL PROPERTY FROM A PARTNERSHIP TO
18 A LIMITED LIABILITY COMPANY, A LIMITED LIABILITY TO A PARTNERSHIP, A
19 GENERAL PARTNERSHIP TO A LIMITED PARTNERSHIP, OR A LIMITED PARTNERSHIP
20 TO A GENERAL PARTNERSHIP IF:

21 (I) THE OWNERS AND THEIR RESPECTIVE INTERESTS IN BOTH
22 ENTITIES ARE IDENTICAL; AND

23 (II) THE OWNERS OF THE TRANSFEREE ENTITY ARE ORIGINAL
24 OWNERS OF THE TRANSFEROR ENTITY OR BECAME OWNERS THROUGH A GIFT OR
25 BEQUEST FROM AN ORIGINAL OWNER; OR

26 (5) A TRANSFER OF TITLE TO REAL PROPERTY FROM A CORPORATION OR
27 PARTNERSHIP OR LIMITED LIABILITY COMPANY IN PARTIAL LIQUIDATION OF THE
28 CORPORATION OR PARTNERSHIP OR LIMITED LIABILITY COMPANY IF THE
29 TRANSFEREE IS:

30 (I) AN ORIGINAL STOCKHOLDER OF THE CORPORATION OR AN
31 ORIGINAL PARTNER OF THE PARTNERSHIP OR AN ORIGINAL MEMBER OF THE
32 LIMITED LIABILITY COMPANY;

33 (II) A DIRECT DESCENDANT OR RELATIVE WITHIN 2 DEGREES OF
34 AN ORIGINAL STOCKHOLDER OF THE CORPORATION OR AN ORIGINAL PARTNER OF
35 THE PARTNERSHIP OR AN ORIGINAL MEMBER OF THE LIMITED LIABILITY COMPANY
36 COUNTING BY THE CIVIL LAW METHOD; OR

37 (III) A STOCKHOLDER OR A PARTNER OR A MEMBER WHO BECAME A
38 STOCKHOLDER OR A PARTNER OR A MEMBER THROUGH A GIFT OR BEQUEST FROM
39 AN ORIGINAL STOCKHOLDER OF THE CORPORATION OR AN ORIGINAL PARTNER OF
40 THE PARTNERSHIP OR AN ORIGINAL MEMBER OF THE LIMITED LIABILITY COMPANY.

1 13-207.

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

4 (17) § 12-108(x) of this article (Cooperative housing corporations); [or]

5 (18) § 12-108(y) of this article (Transfer from predecessor entity to limited
6 liability company); OR

7 (19) § 12-108(Z) OF THIS ARTICLE (CERTAIN PARTNERSHIP AND
8 CORPORATE CONVEYANCES).

9 13-405.

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

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 July 1, 1998.