

---

By: **Senator Munson**

Introduced and read first time: February 5, 1999

Assigned to: Budget and Taxation

---

A BILL ENTITLED

1 AN ACT concerning

2 **Recordation Tax and State Transfer Tax - Exemption for Transfers Between**  
3 **Parent Corporation and Subsidiary Limited Liability Companies**

4 FOR the purpose of altering a certain exemption under the recordation tax and the  
5 State transfer tax for certain instruments of writing that transfer title to real  
6 property among a parent corporation and certain subsidiary corporations to  
7 include certain transfers among a parent corporation and its subsidiary  
8 corporations and subsidiary limited liability companies; and generally relating  
9 to a certain exemption under the recordation tax and the State transfer tax for  
10 certain instruments of writing that transfer title to real property among a  
11 parent corporation and its subsidiary corporations and limited liability  
12 companies.

13 BY repealing and reenacting, with amendments,  
14 Article - Tax - Property  
15 Section 12-108(p) and 13-207(a)(9)  
16 Annotated Code of Maryland  
17 (1994 Replacement Volume and 1998 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 (p) An instrument of writing is not subject to recordation tax if the instrument  
23 of writing is:

24 (1) a transfer of title to real property between a parent corporation and  
25 its subsidiary corporation OR LIMITED LIABILITY COMPANY or between 2 or more  
26 subsidiary corporations OR LIMITED LIABILITY COMPANIES wholly owned by the  
27 same parent corporation, if the parent corporation is an original stockholder OR  
28 MEMBER of the subsidiary corporation OR LIMITED LIABILITY COMPANY, or  
29 subsidiary corporations OR LIMITED LIABILITY COMPANIES, or became a stockholder

1 OR MEMBER through gift or bequest from an original stockholder of the subsidiary  
2 corporation OR LIMITED LIABILITY COMPANY, or subsidiary corporations OR LIMITED  
3 LIABILITY COMPANIES, for:

4 (i) no consideration;

5 (ii) nominal consideration; or

6 (iii) consideration that comprises only the issuance, cancellation, or  
7 surrender of stock OR MEMBERSHIP INTEREST of a subsidiary corporation OR  
8 LIMITED LIABILITY COMPANY;

9 (2) an instrument of writing made pursuant to reorganizations described  
10 in § 368(a) of the Internal Revenue Code; or

11 (3) a transfer of title to real property from a subsidiary corporation OR  
12 LIMITED LIABILITY COMPANY to its parent corporation for no consideration, nominal  
13 consideration or consideration that comprises only the issuance, cancellation, or  
14 surrender of a subsidiary's stock OR A MEMBERSHIP INTEREST IN A LIMITED  
15 LIABILITY COMPANY, where the parent corporation:

16 (i) previously owned the real property;

17 (ii) owns the stock OR MEMBERSHIP INTEREST of the subsidiary OR  
18 LIMITED LIABILITY COMPANY and has owned that stock OR MEMBERSHIP INTEREST  
19 for a period greater than 18 months; or

20 (iii) acquires the stock of, OR A MEMBERSHIP INTEREST IN, a  
21 subsidiary corporation OR A LIMITED LIABILITY COMPANY which has been in  
22 existence and has owned the real property for a period of 2 years.

23 13-207.

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

26 (9) § 12-108(p) of this article (Transfer of corporate property between  
27 related corporations AND LIMITED LIABILITY COMPANIES);

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
29 July 1, 1999.