

SENATE BILL 432

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Q6

1999 Regular Session  
9r1848

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By: **Senator Munson**  
Introduced and read first time: February 5, 1999  
Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments  
Senate action: Adopted  
Read second time: March 25, 1999

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2                                   **Recordation Tax and State Transfer Tax - Exemption for Transfers Between**  
3                                   **Parent Corporation and Subsidiary Limited Liability Companies Transfers**  
4                                   **from Class I Railroad Carrier to Its Wholly-Owned Limited Liability**  
5                                   **Company**

6 FOR the purpose of ~~altering a certain exemption under the recordation tax and the~~  
7 ~~State transfer tax for certain instruments of writing that transfer title to real~~  
8 ~~property among a parent corporation and certain subsidiary corporations to~~  
9 ~~include certain transfers among a parent corporation and its subsidiary~~  
10 ~~corporations and subsidiary limited liability companies providing an exemption~~  
11 ~~under the recordation tax and the State transfer tax for certain instruments of~~  
12 ~~writing that transfer title to real property from a Class I Railroad Carrier to its~~  
13 ~~wholly-owned limited liability company; providing for the termination of this~~  
14 ~~Act; and generally relating to a certain exemption under the recordation tax and~~  
15 ~~the State transfer tax for certain instruments of writing that transfer title to~~  
16 ~~real property among a parent corporation and its subsidiary corporations and~~  
17 ~~limited liability companies from a Class I Railroad Carrier to its wholly-owned~~  
18 ~~limited liability company.~~

19 BY adding to  
20 Article - Tax - Property  
21 Section 12-108(z) and 13-207(a)(19)  
22 Annotated Code of Maryland  
23 (1994 Replacement Volume and 1998 Supplement)

24 BY repealing and reenacting, with amendments,  
25 Article - Tax - Property

1 Section ~~12-108(p) and 13-207(a)(9)~~ 13-207(a)(17) and (18)  
 2 Annotated Code of Maryland  
 3 (1994 Replacement Volume and 1998 Supplement)

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

6 **Article - Tax - Property**

7 12-108.

8 (p) An instrument of writing is not subject to recordation tax if the instrument  
 9 of writing is:

10 (1) a transfer of title to real property between a parent corporation and  
 11 its subsidiary corporation ~~OR LIMITED LIABILITY COMPANY~~ or between 2 or more  
 12 subsidiary corporations ~~OR LIMITED LIABILITY COMPANIES~~ wholly owned by the  
 13 same parent corporation, if the parent corporation is an original stockholder ~~OR~~  
 14 ~~MEMBER~~ of the subsidiary corporation ~~OR LIMITED LIABILITY COMPANY~~, or  
 15 subsidiary corporations ~~OR LIMITED LIABILITY COMPANIES~~, or became a stockholder  
 16 ~~OR MEMBER~~ through gift or bequest from an original stockholder of the subsidiary  
 17 corporation ~~OR LIMITED LIABILITY COMPANY~~, or subsidiary corporations ~~OR LIMITED~~  
 18 ~~LIABILITY COMPANIES~~, for:

19 (i) no consideration;

20 (ii) nominal consideration; or

21 (iii) consideration that comprises only the issuance, cancellation, or  
 22 surrender of stock ~~OR MEMBERSHIP INTEREST~~ of a subsidiary corporation ~~OR~~  
 23 ~~LIMITED LIABILITY COMPANY~~;

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

26 (3) a transfer of title to real property from a subsidiary corporation ~~OR~~  
 27 ~~LIMITED LIABILITY COMPANY~~ to its parent corporation for no consideration, nominal  
 28 consideration or consideration that comprises only the issuance, cancellation, or  
 29 surrender of a subsidiary's stock ~~OR A MEMBERSHIP INTEREST IN A LIMITED~~  
 30 ~~LIABILITY COMPANY~~, where the parent corporation:

31 (i) previously owned the real property;

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

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

1       (Z)       AN INSTRUMENT OF WRITING IS NOT SUBJECT TO RECORDATION TAX IF  
2 THE INSTRUMENT OF WRITING IS A TRANSFER OF TITLE TO REAL PROPERTY FROM A  
3 RAILROAD DESIGNATED BY THE UNITED STATES SURFACE TRANSPORTATION BOARD  
4 AS A CLASS I RAILROAD CARRIER TO ITS WHOLLY-OWNED LIMITED LIABILITY  
5 COMPANY.

6 13-207.

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

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

11              (17)      § 12-108(x) of this article (Cooperative housing corporations); [or]

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

14              (19)      § 12-108(Z) OF THIS ARTICLE (TRANSFERS FROM CLASS I RAILROAD  
15 CARRIER TO ITS WHOLLY-OWNED LIMITED LIABILITY COMPANY).

16       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
17 ~~July 1, 1999.~~ June 1, 1999. It shall remain effective for a period of 1 year and 7  
18 months and, at the end of December 31, 2000, with no further action required by the  
19 General Assembly, this Act shall be abrogated and of no further force and effect.