

HOUSE BILL 372

Q6, C1

3lr0905
CF SB 202

By: **Delegates Barve, Branch, Cardin, Dwyer, Feldman, Fisher, Frick, George, Gilchrist, Hixson, Holmes, Ivey, Kaiser, Luedtke, A. Miller, Mitchell, Rosenberg, Serafini, Simmons, ~~and F. Turner~~ F. Turner, Walker, and A. Washington**

Introduced and read first time: January 25, 2013

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 17, 2013

CHAPTER _____

1 AN ACT concerning

2 **Recordation and Transfer Taxes – Transfer of Property Between Related**
3 **Entities – Exemption**

4 FOR the purpose of exempting from the recordation tax and the State transfer tax the
5 transfer of real property between a parent business entity and its wholly owned
6 subsidiary or between subsidiaries wholly owned by the same parent business
7 entity under certain circumstances; defining certain terms; providing for the
8 application of this Act; and generally relating to exempting certain transfers of
9 real property between related business entities from the recordation tax and the
10 State transfer tax.

11 BY repealing and reenacting, with amendments,
12 Article – Tax – Property
13 Section 12–108(p) and 13–207(a)(9)
14 Annotated Code of Maryland
15 (2012 Replacement Volume)

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

18 **Article – Tax – Property**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 12-108.

2 (p) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE
3 THE MEANINGS INDICATED.

4 (II) "BUSINESS ENTITY" MEANS A PARTNERSHIP, LIMITED
5 PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION.

6 (III) "OWNER" MEANS A PARTNER, MEMBER, OR
7 STOCKHOLDER OF A BUSINESS ENTITY.

8 (IV) "OWNERSHIP INTEREST" MEANS A PARTNERSHIP
9 INTEREST, MEMBERSHIP INTEREST, OR STOCK.

10 (2) An instrument of writing is not subject to recordation tax if the
11 instrument of writing is:

12 [(1)] (I) a transfer of title to real property between a parent
13 [corporation] BUSINESS ENTITY and its WHOLLY OWNED subsidiary [corporation]
14 BUSINESS ENTITY or between 2 or more subsidiary [corporations] BUSINESS
15 ENTITIES wholly owned by the same parent [corporation] BUSINESS ENTITY, if the
16 parent [corporation] BUSINESS ENTITY is an original [stockholder] OWNER of the
17 subsidiary [corporation, or subsidiary corporations] BUSINESS ENTITY, or became [a
18 stockholder] AN OWNER through gift or bequest from an original [stockholder]
19 OWNER of the subsidiary [corporation, or subsidiary corporations] BUSINESS ENTITY,
20 for:

21 [(i)] 1. no consideration;

22 [(ii)] 2. nominal consideration; or

23 [(iii)] 3. consideration that comprises only the issuance,
24 cancellation, or surrender of [stock] THE OWNERSHIP INTERESTS of a subsidiary
25 [corporation] BUSINESS ENTITY;

26 [(2)] (II) an instrument of writing made pursuant to reorganizations
27 described in § 368(a) of the Internal Revenue Code; or

28 [(3)] (III) a transfer of title to real property from a subsidiary
29 [corporation] BUSINESS ENTITY to its parent [corporation] BUSINESS ENTITY for no
30 consideration, nominal consideration or consideration that comprises only the
31 issuance, cancellation, or surrender of a subsidiary's [stock] OWNERSHIP INTEREST,
32 where the parent [corporation] BUSINESS ENTITY:

1 [(i)] 1. previously owned the real property;

2 [(ii)] 2. CURRENTLY owns the [stock] OWNERSHIP
3 INTEREST of the subsidiary and has owned that [stock] OWNERSHIP INTEREST for a
4 period greater than 18 months; or

5 [(iii)] 3. acquires the [stock] OWNERSHIP INTEREST of a
6 subsidiary [corporation] BUSINESS ENTITY which has been in existence and has
7 owned the real property for a period of 2 years.

8 13–207.

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

11 (9) § 12–108(p) of this article (Transfer of corporate property between
12 related [corporations] BUSINESS ENTITIES);

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 July 1, 2013, and shall be applicable to all instruments of writing recorded on or after
15 July 1, 2013.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.