

HOUSE BILL 44

Q6

6lr0977

(PRE-FILED)

By: **Delegate A. Miller**

Requested: October 27, 2015

Introduced and read first time: January 13, 2016

Assigned to: Ways and Means

Committee Report: Favorable

House action: Adopted

Read second time: March 18, 2016

CHAPTER _____

1 AN ACT concerning

2 **Recordation and Transfer Taxes – Exemptions – Property Conveyed From Sole**
3 **Proprietorship to Limited Liability Company**

4 FOR the purpose of exempting a transfer of real property from a sole proprietorship to a
5 limited liability company from recordation and transfer taxes if the sole member of
6 the limited liability company is identical to the converting sole proprietor and certain
7 other conditions are met; and generally relating to an exemption from recordation
8 and transfer taxes for property conveyed from a sole proprietorship to a limited
9 liability company.

10 BY repealing and reenacting, with amendments,
11 Article – Tax – Property
12 Section 12–108(y)
13 Annotated Code of Maryland
14 (2012 Replacement Volume and 2015 Supplement)

15 BY repealing and reenacting, without amendments,
16 Article – Tax – Property
17 Section 13–207(a)(18)
18 Annotated Code of Maryland
19 (2012 Replacement Volume and 2015 Supplement)

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

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.



Article – Tax – Property

12–108.

(y) (1) (i) In this subsection the following words have the meanings indicated.

(ii) “Foreign general partnership”, “foreign limited partnership”, “foreign limited liability partnership”, “foreign limited liability limited partnership”, and “foreign joint venture” mean, respectively, a partnership, limited partnership, limited liability partnership, limited liability limited partnership, or joint venture organized or formed under the laws of the United States, another state of the United States, or a territory, possession, or district of the United States.

(iii) “Predecessor entity” includes a:

1. Maryland general partnership or foreign general partnership;

2. Maryland limited partnership or foreign limited partnership;

3. Maryland limited liability partnership or foreign limited liability partnership;

4. Maryland limited liability limited partnership or foreign limited liability limited partnership; [and]

5. Maryland joint venture or foreign joint venture; **AND**

6. SOLE PROPRIETORSHIP.

(2) An instrument of writing that transfers title to real property from a predecessor entity or a trustee or nominee of a predecessor entity to a limited liability company is not subject to recordation tax if:

(i) 1. the members of the limited liability company are identical to the partners of the converting general partnership, limited partnership, limited liability partnership, or limited liability limited partnership; [or]

2. the members of the limited liability company are identical to the joint venturers of the converting joint venture; **OR**

3. THE SOLE MEMBER OF THE LIMITED LIABILITY COMPANY IS IDENTICAL TO THE CONVERTING SOLE PROPRIETOR;

1 (ii) each member's allocation of the profits and losses of the limited
2 liability company is identical to that member's allocation of the profits and losses of the
3 converting predecessor entity; and

4 (iii) the instrument of writing that transfers title to real property
5 represents the dissolution of the predecessor entity for purposes of conversion to a limited
6 liability company.

7 13-207.

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

10 (18) § 12-108(y) or (bb) of this article (Transfer from predecessor entity or
11 real estate enterprise to limited liability company);

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
13 1, 2016.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.