

# SENATE BILL 659

C1, Q1

8lr1773  
CF HB 873

---

By: **Senator Feldman**

Introduced and read first time: February 1, 2018

Assigned to: Judicial Proceedings

---

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 14, 2018

---

## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Corporations – Transfer of Assets and Exchange of Shares of Stock**

3 FOR the purpose of repealing a certain provision of law specifying a certain processing fee  
4 for articles of transfer; repealing each provision of law regarding executing and filing  
5 articles of transfer; altering the types of actions not required by a corporation for  
6 certain transfers of assets, creations of security interests, or exchanges of shares of  
7 stocks; altering the circumstances under which a corporation is not required to take  
8 certain actions for certain transfers of assets, creations of security interests, or  
9 exchanges of shares of stock; repealing certain provisions of law regarding  
10 abandonment of a proposed transfer of assets; altering the requirement that certain  
11 documents contain certain information related to a transfer of assets; repealing a  
12 certain provision of law requiring the State Department of Assessments and  
13 Taxation to prepare a certain certificate of transfer and to send a certain certificate  
14 to a certain clerk of the court; altering the requirement that the Department require  
15 certain business entities to submit a certain property certificate; repealing certain  
16 provisions of law regarding the effective date for a certain transfer of assets; altering  
17 the effects of a consummation of a transfer of assets; clarifying that a transfer of  
18 assets by a certain corporation occurring before a certain date is not invalid solely  
19 because of a failure to file articles of transfer with the Department; altering the time  
20 period in which a certain stockholder must make a certain written demand for  
21 payment; establishing that a certain provision requiring that a certain deed by a  
22 Maryland corporation be considered valid and effective whether or not there has  
23 been compliance with certain procedures applies only to deeds that are effective  
24 before a certain date; repealing certain provisions of law specifying the amount of a  
25 certain recordation tax for articles of transfer and requiring the collection of the

---

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 recordation tax in a certain manner; repealing certain provisions of law requiring  
2 the collection of a certain county transfer tax for articles of transfer; repealing certain  
3 provisions of law specifying the circumstances under which the articles of transfer  
4 are not subject to a certain county transfer tax; altering certain definitions; repealing  
5 certain definitions; making certain conforming and stylistic changes; and generally  
6 relating to corporations and transfers of assets and exchanges of shares.

7 BY repealing and reenacting, with amendments,  
8 Article – Corporations and Associations  
9 Section 1–101(g), 1–203(b)(1), 1–301, 3–104, 3–107, 3–108, 3–109(b), 3–110, 3–111,  
10 3–112(a) and (b), 3–113(a), 3–115, and 3–203(a)  
11 Annotated Code of Maryland  
12 (2014 Replacement Volume and 2017 Supplement)

13 BY repealing  
14 Article – Corporations and Associations  
15 Section 3–109(f)  
16 Annotated Code of Maryland  
17 (2014 Replacement Volume and 2017 Supplement)

18 BY repealing and reenacting, with amendments,  
19 Article – Real Property  
20 Section 14–113  
21 Annotated Code of Maryland  
22 (2015 Replacement Volume and 2017 Supplement)

23 BY repealing  
24 Article – Tax – Property  
25 Section 12–101(d)  
26 Annotated Code of Maryland  
27 (2012 Replacement Volume and 2017 Supplement)

28 BY repealing and reenacting, with amendments,  
29 Article – Tax – Property  
30 Section 12–101(f), 12–103(d), 12–109(b), 13–101, and 13–404(a), (b), and (e)  
31 Annotated Code of Maryland  
32 (2012 Replacement Volume and 2017 Supplement)

33 BY renumbering  
34 Article – Corporations and Associations  
35 Section 3–109(g)  
36 to be Section 3–109(f)  
37 Annotated Code of Maryland  
38 (2014 Replacement Volume and 2017 Supplement)

39 BY renumbering  
40 Article – Tax – Property

1 Section 12–101(e), (e–1), (e–2), (e–3), (e–4), (e–5), (f), (g), (h), (i), (j), (k), and (l),  
 2 respectively  
 3 to be Section 12–101(d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), (o), and (p), respectively  
 4 Annotated Code of Maryland  
 5 (2012 Replacement Volume and 2017 Supplement)

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

8 **Article – Corporations and Associations**

9 1–101.

10 (g) “Charter document” means any:

11 (1) Document enumerated in subsection (f) of this section; and

12 (2) Articles of reduction, articles [or agreements] of transfer, articles of  
 13 merger, articles of share exchange, articles of conversion, articles of dissolution, and stock  
 14 issuance statements.

15 1–203.

16 (b) (1) Except as provided in paragraph (11) of this subsection, for each of the  
 17 following documents, the nonrefundable processing fee is \$100:

18 Document

19 Articles of incorporation

20 Articles of amendment

21 Articles of extension

22 Articles of restatement of charter

23 Articles of amendment and restatement

24 Articles supplementary

25 Articles of share exchange

26 Articles of consolidation[,] **OR** merger[, or transfer]

27 Articles of dissolution

28 Articles of revival for stock corporation

29 Articles of revival for nonstock corporation

30 Articles of conversion

31 1–301.

32 (a) Articles supplementary and articles of amendment, restatement, amendment  
 33 and restatement, consolidation, merger, share exchange, [transfer,] conversion, and  
 34 extension and, except as provided in § 3–406(b) of this article, articles of dissolution shall  
 35 be executed as follows:

1 (1) They shall be signed and acknowledged for each corporation, statutory  
2 trust, or real estate investment trust party to the articles, by its chairman or vice chairman  
3 of the board of directors or board of trustees, by its chief executive officer, chief operating  
4 officer, chief financial officer, president, or one of its vice presidents, or, if authorized by the  
5 bylaws or resolution of the board of directors or board of trustees, by any other officer or  
6 agent of the corporation, statutory trust, or real estate investment trust;

7 (2) They shall be witnessed or attested by the secretary, treasurer, chief  
8 financial officer, assistant treasurer, or assistant secretary of each corporation, statutory  
9 trust, or real estate investment trust party to the articles, or, if authorized by the bylaws  
10 or resolution of the board of directors or board of trustees, by any other officer or agent of  
11 the corporation, statutory trust, or real estate investment trust;

12 (3) They shall be signed and acknowledged for each other entity party to  
13 the articles by a person authorized to act for the entity by law or by the governing document;  
14 and

15 (4) [Except as provided in subsection (b) of this section, the] **THE** matters  
16 and facts set forth in the articles with respect to authorization and approval shall be  
17 verified under oath as follows:

18 (i) With respect to any Maryland corporation, statutory trust, or  
19 real estate investment trust party to the articles, by the chairman or the secretary of the  
20 meeting at which the articles or transaction were approved, by the chairman or vice  
21 chairman of the board of directors or board of trustees, by the chief executive officer, chief  
22 operating officer, chief financial officer, president, vice president, secretary, or assistant  
23 secretary of the corporation, statutory trust, or real estate investment trust, or, if  
24 authorized in accordance with item (1) of this subsection, by any other officer or agent of  
25 the corporation, statutory trust, or real estate investment trust;

26 (ii) With respect to any foreign corporation party to articles of  
27 consolidation, merger, or share exchange, by the chief executive officer, chief operating  
28 officer, chief financial officer, president, vice president, secretary, or assistant secretary of  
29 the corporation; and

30 (iii) With respect to any other Maryland or foreign entity party to the  
31 articles, by a person authorized by law or by the governing document to act for the entity.

32 (b) [When articles of transfer are executed:

33 (1) With respect to the transferor corporation, the requirements of  
34 subsection (a)(4)(i) of this section apply;

35 (2) With respect to a transferee corporation, the matters and facts set forth  
36 in the articles with respect to authorization and approval shall be verified under oath by  
37 the chief executive officer, chief operating officer, president, vice president, secretary, or  
38 assistant secretary of the corporation; and

1           (3) With respect to a transferee which is not a corporation, the articles shall  
2 be signed and acknowledged by the transferee.

3           (c)] All other instruments required to be filed with the Department may be signed:

4           (1) By the chairman or vice chairman of the board of directors, the chief  
5 executive officer, chief operating officer, president, or any vice president and witnessed or  
6 attested by the secretary or any assistant secretary, or by any other officer or agent of the  
7 corporation who is authorized by the bylaws or resolution of the board of directors to  
8 perform the duties usually performed by the secretary;

9           (2) If it appears from the instrument that there are no such officers, by a  
10 majority of the directors or by such directors as may be designated by the board and the  
11 instrument so states; or

12           (3) If it appears from the instrument that there are no officers or directors,  
13 by the holders of a majority of outstanding stock.

14 3–104.

15           (a) Notwithstanding any other provision of this subtitle, unless the charter or  
16 bylaws of a corporation provide otherwise by reference to this section or the subject matter  
17 of this section, the approval of the stockholders [and articles of transfer or share exchange,  
18 as the case may be, are] **IS** not required for any:

19           (1) Transfer of assets by a corporation in the ordinary course of business  
20 actually conducted by it or as a distribution as defined in § 2–301 of this article;

21           (2) Mortgage, pledge, or creation of any other security interest in any or all  
22 of the assets of a corporation, whether or not in the ordinary course of its business;

23           (3) [Exchange of shares of stock through voluntary action or under any  
24 agreement with the stockholders;

25           (4)] Transfer of assets by a corporation to one or more persons if all of the  
26 equity interests of the person or persons are owned, directly or indirectly, by the  
27 corporation; [or]

28           [(5)] (4) Transfer of assets by a corporation registered as an open–end  
29 investment company under the Investment Company Act of 1940; **OR**

30           **(5) TRANSFER OF ASSETS BY A CORPORATION THAT IS DISSOLVED.**

31           **(B) NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS SUBTITLE,**  
32 **UNLESS THE CHARTER OR BYLAWS OF A CORPORATION PROVIDE OTHERWISE BY**

1 REFERENCE TO THIS SECTION OR THE SUBJECT MATTER OF THIS SECTION, THE  
2 APPROVAL OF THE STOCKHOLDERS AND ARTICLES OF SHARE EXCHANGE ARE NOT  
3 REQUIRED FOR AN EXCHANGE OF SHARES OF STOCK THROUGH VOLUNTARY ACTION  
4 OR UNDER AN AGREEMENT WITH THE STOCKHOLDERS PARTICIPATING IN THE  
5 EXCHANGE.

6 [(b)] (C) A transaction described in subsection (a) OR (B) of this section also may  
7 be effected as otherwise provided in this subtitle.

8 3-107.

9 Articles of consolidation, merger, OR share exchange[, or transfer] shall be filed for  
10 record with the Department.

11 3-108.

12 (a) A proposed consolidation, merger, OR share exchange[, or transfer of assets]  
13 may be abandoned before the effective date of the articles:

14 (1) If the articles so provide, by majority vote of the entire board of directors  
15 of any one corporation party to the articles or of the entire board of trustees of any one  
16 business trust party to the articles; or

17 (2) Unless the articles provide otherwise, by majority vote of the entire  
18 board of directors of each Maryland corporation party to the articles and of the entire board  
19 of trustees of each Maryland business trust party to the articles.

20 (b) If the articles have been filed with the Department, notice of the abandonment  
21 shall be given promptly to the Department.

22 (c) (1) If the proposed consolidation, merger, OR share exchange[, or transfer  
23 of assets] is abandoned as provided in this section, no legal liability arises under the  
24 articles.

25 (2) An abandonment does not prejudice the rights of any person under any  
26 other contract made by a corporation party to the proposed articles in connection with the  
27 proposed consolidation, merger, OR share exchange[, or transfer of assets].

28 3-109.

29 (b) Articles of consolidation, merger, OR share exchange[, or transfer] shall  
30 contain the terms and conditions of the transaction and the manner of carrying it into effect,  
31 including:

32 (1) A statement[:]

1 (i) In a merger, consolidation, or share exchange,] that each party  
2 to the articles agrees to merge, to consolidate to form a new corporation, or to acquire stock  
3 or have its stock acquired in a share exchange, as the case may be; [or

4 (ii) In a transfer, that the transferor agrees to sell, lease, exchange,  
5 or transfer all or substantially all of its property and assets;]

6 (2) The name and place of incorporation or organization of:

7 (i) Each party to the articles; and

8 (ii) The successor corporation in a consolidation, merger, or share  
9 exchange or the successor domestic partnership, limited partnership or limited liability  
10 company in a merger;

11 (3) As to each foreign corporation:

12 (i) The date of its incorporation;

13 (ii) A statement whether it is incorporated under general law or by  
14 special act and, if incorporated by special act, the chapter number and year of passage; and

15 (iii) If the corporation is registered or qualified to do business in this  
16 State, the date of its registration or qualification;

17 (4) As to each foreign business trust:

18 (i) The date of its organization; and

19 (ii) If the business trust is registered or qualified to do business in  
20 this State, the date of its registration or qualification;

21 (5) As to each foreign partnership, limited partnership or limited liability  
22 company:

23 (i) The date of its formation; and

24 (ii) If the foreign partnership, limited partnership or limited liability  
25 company is registered or qualified to do business in this State, the date of its registration  
26 or qualification;

27 (6) [The name, address, and principal place of business of the transferee in  
28 a transfer of assets;

29 (7)] Each county in this State where:

1 (i) Each corporation, partnership, limited partnership, limited  
2 liability company, and business trust party to the articles has its principal office; and

3 (ii) Any of the parties in a consolidation[, OR merger[, or transfer],  
4 other than the successor, owns an interest in land;

5 ~~[(8)]~~ (7) If the successor is a foreign corporation, foreign partnership,  
6 limited partnership, limited liability company, or a foreign business trust:

7 (i) The location of its principal office in the place where it is  
8 organized; and

9 (ii) The name and address of its resident agent in the place where it  
10 is organized;

11 ~~[(9)]~~ (8) A statement that the terms and conditions of the transaction set  
12 forth in the articles were advised, authorized, and approved by each corporation,  
13 partnership, limited partnership, limited liability company, or business trust party to the  
14 articles in the manner and by the vote required by its charter or declaration of trust and  
15 the laws of the place where it is organized, and a statement of the manner of approval; and

16 ~~[(10)]~~ (9) Every other provision necessary to effect the consolidation,  
17 merger, OR share exchange[, or transfer of assets].

18 (f) In addition to the requirements of subsection (b) of this section, articles of  
19 transfer shall include:

20 (1) The nature and amount of the consideration to be paid, transferred, or  
21 issued for the assets of the transferor or a statement of the method by which the  
22 consideration is to be determined, any or all of which may be made dependent on facts  
23 ascertainable outside the articles of transfer; and

24 (2) In the case of a noncorporate transferee which is a nonresident of the  
25 State, the name and address of a resident agent of the transferee in this State.]

26 3–110.

27 Articles of consolidation, merger, OR share exchange[, or transfer] shall be executed  
28 for each party to the articles in the manner required by Title 1 of this article.

29 3–111.

30 (a) The Department shall prepare certificates of consolidation, merger, OR share  
31 exchange[, or transfer], as the case may be, that specify:

32 (1) The name of each party to the articles;



1           (2)     The name of the successor and the location of its principal office in this  
2 State or, if it has none, its principal place of business; and

3           (3)     The time the articles are accepted for record by the Department.

4           (b)     In addition to any other provision of law with respect to recording, the  
5 Department shall send one certificate each to the clerk of the circuit court for each county  
6 where the articles show that a merging corporation, partnership, limited partnership,  
7 limited liability company, or business trust other than the successor[, ] **OR** a consolidating  
8 corporation[, or a transferor corporation] owns an interest in land.

9           (c)     On receipt of a certificate, a clerk promptly shall record it with the land  
10 records.

11 3-112.

12           (a)     In order to keep the land assessment records current in each county, the  
13 Department shall require a corporation, limited partnership, limited liability company, or  
14 business trust to submit with the articles a property certificate for each county where a  
15 merging corporation, partnership, limited partnership, limited liability company, or  
16 business trust other than the successor[, ] **OR** a consolidating corporation[, or a transferor  
17 corporation] owns an interest in land.

18           (b)     A property certificate is not required with respect to any property in which the  
19 only interest owned by the merging corporation, partnership, limited partnership, limited  
20 liability company, or business trust or by the consolidating [or transferor] corporation is a  
21 security interest.

22 3-113.

23           (a)     If the successor in a consolidation or merger, ~~or the transferor in a transfer of~~  
24 ~~assets,~~ or the corporation the stock of which is to be acquired in a share exchange is a  
25 Maryland corporation, a consolidation, merger, **OR** share exchange[, or transfer of assets]  
26 is effective as of the later of:

27           (1)     The time the Department accepts the articles of consolidation, merger,  
28 **OR** share exchange[, or transfer] for record; or

29           (2)     The time established under the articles, not to exceed 30 days after the  
30 articles are accepted for record.

31 3-115.

32           (a)     Consummation of a transfer of assets has the effects provided in this section.

1 (b) (1) The assets of the transferor, including any legacies which it would have  
2 been capable of taking, transfer to, vest in, and devolve on the successor to the extent  
3 provided in [the articles without further act or deed] **AN AGREEMENT BETWEEN THE**  
4 **TRANSFEROR AND THE SUCCESSOR.**

5 (2) [Confirmatory deeds] **DEEDS**, assignments, or similar instruments to  
6 evidence the transfer may be executed and delivered at any time in the name of the  
7 transferor:

8 (i) By its current officers; or

9 (ii) If the corporation no longer exists, by its last acting officers.

10 (c) (1) The successor is liable for all the debts and obligations of the transferor  
11 to the extent provided in [the articles of transfer] **AN AGREEMENT BETWEEN THE**  
12 **TRANSFEROR AND THE SUCCESSOR.**

13 (2) A transfer of assets does not impair the rights of a creditor, including  
14 rights under the Commercial Law Article.

15 **(D) A TRANSFER OF ASSETS BY A CORPORATION OCCURRING BEFORE**  
16 **OCTOBER 1, 2018, IS NOT INVALID SOLELY BECAUSE OF A FAILURE TO FILE**  
17 **ARTICLES OF TRANSFER WITH THE DEPARTMENT.**

18 3–203.

19 (a) A stockholder of a corporation who desires to receive payment of the fair value  
20 of the stockholder's stock under this subtitle:

21 (1) Shall file with the corporation a written objection to the proposed  
22 transaction:

23 (i) With respect to a merger under § 3–106 or § 3–106.1 of this title,  
24 within 30 days after notice is given or waived under § 3–106 or § 3–106.1 of this title; or

25 (ii) With respect to any other transaction, at or before the  
26 stockholders' meeting at which the transaction will be considered or, in the case of action  
27 taken under § 2–505(b) of this article, within 10 days after the corporation gives the notice  
28 required by § 2–505(b) of this article;

29 (2) May not vote in favor of the transaction; and

30 (3) [Within 20 days after the Department accepts the articles for record,  
31 shall] **SHALL** make a written demand on the successor for payment for the stockholder's  
32 stock, stating the number and class of shares for which the stockholder demands payment:

1 (I) WITHIN 20 DAYS AFTER THE DEPARTMENT ACCEPTS THE  
2 ARTICLES FOR RECORD; OR

3 (II) WITHIN 20 DAYS AFTER CONSUMMATION OF THE TRANSFER  
4 OR TRANSACTION WITH RESPECT TO:

5 1. A TRANSFER OF ASSETS IN A MANNER REQUIRING  
6 STOCKHOLDER APPROVAL UNDER § 3-105 OF THIS TITLE; OR

7 2. A TRANSACTION THAT IS GOVERNED BY § 3-603(B) OF  
8 THIS TITLE OR EXEMPTED BY § 3-603(B) OF THIS TITLE, FOR WHICH NO ARTICLES  
9 ARE REQUIRED TO BE FILED WITH THE DEPARTMENT.

10 Article – Real Property

11 14-113.

12 (A) Any deed by a Maryland corporation, HAVING AN EFFECTIVE DATE BEFORE  
13 OCTOBER 1, 2018, containing a certification by the person executing the deed on behalf  
14 of the corporation to the effect that the grant is not part of a transaction in which there is  
15 a sale, lease, exchange, or other transfer of all or substantially all of the property and assets  
16 of the corporation, shall be considered valid and effective whether or not there has been  
17 compliance with the procedures of Title 3, Subtitle 1 of the Corporations and Associations  
18 Article despite the fact the grant is in fact part of such a transaction.

19 (B) Any deed by a Maryland corporation, executed and recorded before January  
20 1, 1979 is not invalid solely because of noncompliance with those procedures unless  
21 proceedings to set the deed aside were commenced on or before July 1, 1979.

22 Article – Tax – Property

23 12-101.

24 [(d) “Articles of transfer” has the meaning stated in § 1-101(c) of the Corporations  
25 and Associations Article.]

26 (f) (1) “Instrument of writing” means a written instrument that:

27 (i) conveys title to or creates or gives notice of a security interest in  
28 real property; or

29 (ii) creates or gives notice of a security interest in personal property.

30 (2) “Instrument of writing” includes:

31 (i) a deed or contract;

1 (ii) a mortgage, deed of trust, or other contract that creates an  
2 encumbrance on real property;

3 (iii) a lease of real property;

4 (iv) an assignment of a lessee's interest in real property;

5 (v) [articles of transfer;

6 (vi)] a security agreement;

7 [(vii)] (VI) articles of merger or other document which evidences a  
8 merger of foreign corporations, foreign partnerships, foreign limited liability companies, or  
9 foreign limited partnerships; and

10 [(viii)] (VII) articles of consolidation or other document which  
11 evidences a consolidation of foreign corporations.

12 12-103.

13 (d) For [articles of transfer,] articles of merger[,] or articles of consolidation filed  
14 with the Department under § 3-107 of the Corporations and Associations Article, or other  
15 document filed with the Department which evidences a merger or consolidation of foreign  
16 corporations, foreign limited liability companies, foreign partnerships, or foreign limited  
17 partnerships, the recordation tax rate is \$1.65. The Department shall collect the  
18 recordation tax when the [articles of transfer,] articles of merger, articles of consolidation,  
19 or other document which evidences a merger or consolidation of foreign corporations,  
20 foreign limited liability companies, foreign partnerships, or foreign limited partnerships  
21 are filed.

22 12-109.

23 (b) (1) Except as provided in paragraph (2) of this subsection, the recordation  
24 tax on an instrument of writing or a security agreement recorded under subsection (a)(1) of  
25 this section in any county shall be paid to the collector or the clerk of the circuit court for  
26 the county, as designated by the governing body of the county.

27 (2) In Prince George's County, the recordation tax on an instrument of  
28 writing or a security agreement recorded under subsection (a)(1) of this section shall be  
29 paid to the Director of Finance of Prince George's County.

30 (3) The recordation tax on [articles of transfer,] articles of merger, articles  
31 of consolidation, or other documents which evidence a merger or consolidation of foreign  
32 corporations, foreign partnerships, foreign limited liability companies, or foreign limited  
33 partnerships filed with the Department shall be paid to the Department.

1 13-101.

2 (a) In this title the following words have the meanings indicated.

3 (b) “Articles of consolidation” means a document filed with the Department under  
4 § 3-107 of the Corporations and Associations Article which evidences a consolidation of at  
5 least one Maryland corporation with another corporation to form a new Maryland  
6 corporation.

7 (c) “Articles of merger” means a document filed with the Department under §  
8 3-107, § 4A-703, § 9A-903, or § 10-208 of the Corporations and Associations Article which  
9 evidences a merger involving at least one Maryland corporation, Maryland limited liability  
10 company, Maryland partnership, or Maryland limited partnership.

11 (d) [“Articles of transfer” has the meaning stated in § 1-101(c) of the Corporations  
12 and Associations Article.

13 (e)] “Documents which evidence the merger or consolidation of foreign  
14 corporations, foreign partnerships, foreign limited liability companies, or foreign limited  
15 partnerships” means those documents that are filed or recorded with:

16 (1) the Department under § 3-117, § 4A-1012, § 9A-910, or § 10-912 of the  
17 Corporations and Associations Article; or

18 (2) the clerk of the circuit court of a county evidencing that title to real  
19 property has been conveyed through a merger or consolidation of 2 or more foreign  
20 corporations, foreign partnerships, foreign limited liability companies, or foreign limited  
21 partnerships.

22 [(f) (E) (1) “Instrument of writing” means a written instrument that  
23 conveys title to, or a leasehold interest in, real property.

24 (2) “Instrument of writing” includes:

25 (i) a deed or contract;

26 (ii) a lease;

27 (iii) an assignment of a lessee’s interest;

28 (iv) [articles of transfer;

29 (v)] articles of merger or other document which evidences a merger  
30 of foreign corporations, foreign limited liability companies, foreign partnerships, or foreign  
31 limited partnerships; and

1                    [(vi)] (V) articles of consolidation or other document which  
2 evidences a consolidation of foreign corporations.

3            (3)    “Instrument of writing” does not include:

4                    (i)    a mortgage, deed of trust, or other contract that creates an  
5 encumbrance on real property; or

6                    (ii)   a security agreement, as defined in [§ 12–101(h)] § 12–101(L) of  
7 this article.

8            [(g)] (F)    “Subsidiary corporation” includes any corporation that is a subsidiary  
9 of either a parent corporation or any other subsidiary corporation of the parent corporation.

10           [(h)] (G)    “Successor” has the meaning stated in § 1–101(cc) of the Corporations  
11 and Associations Article.

12 13–404.

13            (a)    [Except as provided under subsection (b) of this section, the] **THE** Department  
14 shall collect county transfer tax at the rate set by each county for [articles of transfer,]  
15 articles of consolidation[,] or articles of merger filed with the Department as required by §  
16 3–107, § 4A–703, § 9A–903, or § 10–208 of the Corporations and Associations Article, or  
17 other document filed with the clerk of the circuit court of a county or the Department which  
18 evidences a merger or consolidation of foreign corporations, foreign limited liability  
19 companies, foreign partnerships, or foreign limited partnerships.

20            (b)    (1)    [Articles of transfer are not subject to county transfer tax if the articles  
21 of transfer are for:

22                    (i)    a transfer of real property between a parent corporation and its  
23 subsidiary corporation or between 2 or more subsidiary corporations wholly owned by the  
24 same parent corporation if the parent corporation is an original stockholder of the  
25 subsidiary or subsidiaries, or became a stockholder through gift or bequest from an original  
26 stockholder of the corporation for:

27                            1.    no consideration;

28                            2.    nominal consideration; or

29                            3.    consideration that comprises only the issuance,  
30 cancellation, or surrender of a subsidiary’s stock;

31                    (ii)   a transfer of real property made pursuant to a reorganization  
32 described in § 368(a) of the Internal Revenue Code; or

1 (iii) a transfer of title to real property from a subsidiary corporation  
2 to its parent for no consideration, nominal consideration or consideration that comprises  
3 only the issuance, cancellation, or surrender of a subsidiary's stock, where the parent  
4 corporation:

5 1. previously owned the real property;

6 2. owns the stock of the subsidiary and has owned that stock  
7 for a period greater than 18 months; or

8 3. acquires the stock of a subsidiary corporation which has  
9 been in existence and has owned the real property for a period of 2 years.

10 (2) Articles of merger or other document which evidences a merger of  
11 foreign corporations are not subject to county transfer tax if the articles of merger or other  
12 document which evidences a merger of foreign corporations are for a transfer of real  
13 property from:

14 (i) a parent corporation to its subsidiary corporation;

15 (ii) a subsidiary corporation to its parent corporation where the  
16 parent corporation:

17 1. previously owned the real property;

18 2. owns the stock of the subsidiary and has owned that stock  
19 for a period greater than 18 months; or

20 3. acquires the stock of a subsidiary corporation which has  
21 been in existence and has owned the real property for a period of 2 years;

22 (iii) a corporation merging out of existence to its successor  
23 corporation where recordation tax and, if then required to have been paid, transfer tax were  
24 paid when the corporation merging out of existence acquired title to the real property; or

25 (iv) a corporation merging out of existence pursuant to  
26 reorganizations described in § 368(a) of the Internal Revenue Code.

27 [(3)] (2) Articles of consolidation or other document which evidences a  
28 consolidation of foreign corporations are not subject to county transfer tax if the articles of  
29 consolidation or other document which evidences a consolidation of foreign corporations are  
30 for a transfer of real property from a consolidating corporation to its successor where  
31 recordation tax and, if then required to have been paid, transfer tax were paid when the  
32 corporation consolidating acquired title to the real property.

33 (e) (1) Articles [of transfer, articles] of merger, articles of consolidation, or  
34 other document which evidences a merger or consolidation of foreign corporations or foreign

1 limited liability companies or foreign partnerships that are subject to county transfer tax  
2 under this section also may be taxable under § 13–202 or § 13–302 of this title or § 12–102  
3 of this article.

4 (2) Before a transfer of title may be made under articles of transfer, articles  
5 of merger, articles of consolidation, or other document which evidences a merger or  
6 consolidation of foreign corporations or foreign limited liability companies or foreign  
7 partnerships for any property for which a property certificate is required under § 3–112 or  
8 § 4A–708 of the Corporations and Associations Article, all recordation and transfer taxes  
9 shall be paid.

10 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 3–109(g) of Article  
11 – Corporations and Associations of the Annotated Code of Maryland be renumbered to be  
12 Section(s) 3–109(f).

13 SECTION 3. AND BE IT FURTHER ENACTED, That Section(s) 12–101(e), (e–1),  
14 (e–2), (e–3), (e–4), (e–5), (f), (g), (h), (i), (j), (k), and (l), respectively, of  
15 Article – Tax – Property of the Annotated Code of Maryland be renumbered to be Section(s)  
16 12–101(d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), (o), and (p), respectively.

17 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect  
18 October 1, 2018.

Approved:

---

Governor.

---

President of the Senate.

---

Speaker of the House of Delegates.