

HOUSE BILL 372

Q6, C1

(3lr0905)

ENROLLED BILL

— *Ways and Means/Budget and Taxation* —

Introduced 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**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____ M.

Speaker.

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,

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.

Italics indicate opposite chamber/conference committee amendments.



1 Article – Tax – Property
 2 Section 12–108(p) and 13–207(a)(9)
 3 Annotated Code of Maryland
 4 (2012 Replacement Volume)

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

7 **Article – Tax – Property**

8 12–108.

9 (p) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE
 10 THE MEANINGS INDICATED.

11 (II) “BUSINESS ENTITY” MEANS A ~~PARTNERSHIP, LIMITED~~
 12 ~~PARTNERSHIP, LIMITED LIABILITY COMPANY,~~ OR CORPORATION.

13 (III) “OWNER” MEANS A ~~PARTNER,~~ MEMBER,⁵ OR
 14 STOCKHOLDER OF A BUSINESS ENTITY.

15 (IV) “OWNERSHIP INTEREST” MEANS A ~~PARTNERSHIP~~
 16 ~~INTEREST,~~ MEMBERSHIP INTEREST,⁵ OR STOCK.

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

19 [(1)] (I) a transfer of title to real property between a parent
 20 [corporation] BUSINESS ENTITY and its WHOLLY OWNED subsidiary [corporation]
 21 BUSINESS ENTITY or between 2 or more subsidiary [corporations] BUSINESS
 22 ENTITIES wholly owned by the same parent [corporation] BUSINESS ENTITY, if the
 23 parent [corporation] BUSINESS ENTITY is an original [stockholder] OWNER of the
 24 subsidiary [corporation, or subsidiary corporations] BUSINESS ENTITY, or became [a
 25 stockholder] AN OWNER through gift or bequest from an original [stockholder]
 26 OWNER of the subsidiary [corporation, or subsidiary corporations] BUSINESS ENTITY,
 27 for:

28 [(i)] 1. no consideration;

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

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

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

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

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

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

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

15 13–207.

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

18 (9) § 12–108(p) of this article (Transfer of corporate property between
19 related [corporations] BUSINESS ENTITIES);

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

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.