

HOUSE BILL 873

C1, Q1

8lr2161
CF SB 659

By: **Delegate Kramer**

Introduced and read first time: February 2, 2018

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 24, 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 Article –
 15 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.

Speaker of the House of Delegates.

President of the Senate.