

HOUSE BILL 873

C1, Q1

8lr2161
CF SB 659

By: **Delegate Kramer**

Introduced and read first time: February 2, 2018

Assigned to: Economic Matters

A BILL ENTITLED

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; altering the time period in which
18 a certain stockholder must make a certain written demand for payment; repealing
19 certain provisions of law specifying the amount of a certain recordation tax for
20 articles of transfer and requiring the collection of the recordation tax in a certain
21 manner; repealing certain provisions of law requiring the collection of a certain
22 county transfer tax for articles of transfer; repealing certain provisions of law
23 specifying the circumstances under which the articles of transfer are not subject to
24 a certain county transfer tax; altering certain definitions; repealing certain
25 definitions; making certain conforming and stylistic changes; and generally relating
26 to corporations and transfers of assets and exchanges of shares.

27 BY repealing and reenacting, with amendments,

28 Article – Corporations and Associations

29 Section 1–101(g), 1–203(b)(1), 1–301, 3–104, 3–107, 3–108, 3–109(b), 3–110, 3–111,
30 3–112(a) and (b), 3–113(a), 3–115, and 3–203(a)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 Annotated Code of Maryland
2 (2014 Replacement Volume and 2017 Supplement)
- 3 BY repealing
4 Article – Corporations and Associations
5 Section 3–109(f)
6 Annotated Code of Maryland
7 (2014 Replacement Volume and 2017 Supplement)
- 8 BY repealing
9 Article – Tax – Property
10 Section 12–101(d)
11 Annotated Code of Maryland
12 (2012 Replacement Volume and 2017 Supplement)
- 13 BY repealing and reenacting, with amendments,
14 Article – Tax – Property
15 Section 12–101(f), 12–103(d), 12–109(b), 13–101, and 13–404(a), (b), and (e)
16 Annotated Code of Maryland
17 (2012 Replacement Volume and 2017 Supplement)
- 18 BY renumbering
19 Article – Corporations and Associations
20 Section 3–109(g)
21 to be Section 3–109(f)
22 Annotated Code of Maryland
23 (2014 Replacement Volume and 2017 Supplement)
- 24 BY renumbering
25 Article – Tax – Property
26 Section 12–101(e), (e–1), (e–2), (e–3), (e–4), (e–5), (f), (g), (h), (i), (j), (k), and (l),
27 respectively
28 to be Section 12–101(d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), (o), and (p), respectively
29 Annotated Code of Maryland
30 (2012 Replacement Volume and 2017 Supplement)
- 31 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
32 That the Laws of Maryland read as follows:
- 33 **Article – Corporations and Associations**
- 34 1–101.
- 35 (g) “Charter document” means any:
- 36 (1) Document enumerated in subsection (f) of this section; and

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

4 1–203.

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

7 Document

8 Articles of incorporation

9 Articles of amendment

10 Articles of extension

11 Articles of restatement of charter

12 Articles of amendment and restatement

13 Articles supplementary

14 Articles of share exchange

15 Articles of consolidation[,] OR merger[, or transfer]

16 Articles of dissolution

17 Articles of revival for stock corporation

18 Articles of revival for nonstock corporation

19 Articles of conversion

20 1–301.

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

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

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

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

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

4 (i) With respect to any Maryland corporation, statutory trust, or
5 real estate investment trust party to the articles, by the chairman or the secretary of the
6 meeting at which the articles or transaction were approved, by the chairman or vice
7 chairman of the board of directors or board of trustees, by the chief executive officer, chief
8 operating officer, chief financial officer, president, vice president, secretary, or assistant
9 secretary of the corporation, statutory trust, or real estate investment trust, or, if
10 authorized in accordance with item (1) of this subsection, by any other officer or agent of
11 the corporation, statutory trust, or real estate investment trust;

12 (ii) With respect to any foreign corporation party to articles of
13 consolidation, merger, or share exchange, by the chief executive officer, chief operating
14 officer, chief financial officer, president, vice president, secretary, or assistant secretary of
15 the corporation; and

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

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

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

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

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

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

28 (1) By the chairman or vice chairman of the board of directors, the chief
29 executive officer, chief operating officer, president, or any vice president and witnessed or
30 attested by the secretary or any assistant secretary, or by any other officer or agent of the
31 corporation who is authorized by the bylaws or resolution of the board of directors to
32 perform the duties usually performed by the secretary;

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

36 (3) If it appears from the instrument that there are no officers or directors,

1 by the holders of a majority of outstanding stock.

2 3–104.

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

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

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

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

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

16 [(5)] (4) Transfer of assets by a corporation registered as an open–end
17 investment company under the Investment Company Act of 1940; **OR**

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

19 (B) **NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS SUBTITLE,**
20 **UNLESS THE CHARTER OR BYLAWS OF A CORPORATION PROVIDE OTHERWISE BY**
21 **REFERENCE TO THIS SECTION OR THE SUBJECT MATTER OF THIS SECTION, THE**
22 **APPROVAL OF THE STOCKHOLDERS AND ARTICLES OF SHARE EXCHANGE ARE NOT**
23 **REQUIRED FOR AN EXCHANGE OF SHARES OF STOCK THROUGH VOLUNTARY ACTION**
24 **OR UNDER AN AGREEMENT WITH THE STOCKHOLDERS PARTICIPATING IN THE**
25 **EXCHANGE.**

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

28 3–107.

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

31 3–108.

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

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

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

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

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

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

17 3–109.

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

21 (1) A statement[:

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

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

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

28 (i) Each party to the articles; and

29 (ii) The successor corporation in a consolidation, merger, or share
30 exchange or the successor domestic partnership, limited partnership or limited liability
31 company in a merger;

32 (3) As to each foreign corporation:

1 (i) The date of its incorporation;

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

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

6 (4) As to each foreign business trust:

7 (i) The date of its organization; and

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

10 (5) As to each foreign partnership, limited partnership or limited liability
11 company:

12 (i) The date of its formation; and

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

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

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

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

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

23 [(8)] (7) If the successor is a foreign corporation, foreign partnership,
24 limited partnership, limited liability company, or a foreign business trust:

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

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

29 [(9)] (8) A statement that the terms and conditions of the transaction set
30 forth in the articles were advised, authorized, and approved by each corporation,

1 partnership, limited partnership, limited liability company, or business trust party to the
2 articles in the manner and by the vote required by its charter or declaration of trust and
3 the laws of the place where it is organized, and a statement of the manner of approval; and

4 ~~[(10)]~~ **(9)** Every other provision necessary to effect the consolidation,
5 merger, **OR** share exchange[, or transfer of assets].

6 **[(f)** In addition to the requirements of subsection (b) of this section, articles of
7 transfer shall include:

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

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

14 3-110.

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

17 3-111.

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

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

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

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

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

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

31 3-112.

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

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

11 3-113.

12 (a) If the successor in a consolidation or merger, or the transferor in a transfer of
13 assets, or the corporation the stock of which is to be acquired in a share exchange is a
14 Maryland corporation, a consolidation, merger, **OR** share exchange[, or transfer of assets]
15 is effective as of the later of:

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

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

20 3-115.

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

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

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

29 (i) By its current officers; or

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

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

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

3 3–203.

4 (a) A stockholder of a corporation who desires to receive payment of the fair value
5 of the stockholder’s stock under this subtitle:

6 (1) Shall file with the corporation a written objection to the proposed
7 transaction:

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

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

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

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

18 **(I) WITHIN 20 DAYS AFTER THE DEPARTMENT ACCEPTS THE**
19 **ARTICLES FOR RECORD; OR**

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

22 **1. A TRANSFER OF ASSETS IN A MANNER REQUIRING**
23 **STOCKHOLDER APPROVAL UNDER § 3–105 OF THIS TITLE; OR**

24 **2. A TRANSACTION THAT IS GOVERNED BY § 3–603(B) OF**
25 **THIS TITLE OR EXEMPTED BY § 3–603(B) OF THIS TITLE, FOR WHICH NO ARTICLES**
26 **ARE REQUIRED TO BE FILED WITH THE DEPARTMENT.**

27 **Article – Tax – Property**

28 12–101.

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

1 (f) (1) "Instrument of writing" means a written instrument that:

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

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

5 (2) "Instrument of writing" includes:

6 (i) a deed or contract;

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

9 (iii) a lease of real property;

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

11 (v) [articles of transfer;

12 (vi)] a security agreement;

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

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

18 12-103.

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

28 12-109.

29 (b) (1) Except as provided in paragraph (2) of this subsection, the recordation
30 tax on an instrument of writing or a security agreement recorded under subsection (a)(1) of
31 this section in any county shall be paid to the collector or the clerk of the circuit court for

1 the county, as designated by the governing body of the county.

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

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

9 13–101.

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

11 (b) "Articles of consolidation" means a document filed with the Department under
12 § 3–107 of the Corporations and Associations Article which evidences a consolidation of at
13 least one Maryland corporation with another corporation to form a new Maryland
14 corporation.

15 (c) "Articles of merger" means a document filed with the Department under §
16 3–107, § 4A–703, § 9A–903, or § 10–208 of the Corporations and Associations Article which
17 evidences a merger involving at least one Maryland corporation, Maryland limited liability
18 company, Maryland partnership, or Maryland limited partnership.

19 (d) ["Articles of transfer" has the meaning stated in § 1–101(c) of the Corporations
20 and Associations Article.

21 (e)] "Documents which evidence the merger or consolidation of foreign
22 corporations, foreign partnerships, foreign limited liability companies, or foreign limited
23 partnerships" means those documents that are filed or recorded with:

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

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

30 [(f)] (E) (1) "Instrument of writing" means a written instrument that
31 conveys title to, or a leasehold interest in, real property.

32 (2) "Instrument of writing" includes:

33 (i) a deed or contract;

- 1 (ii) a lease;
- 2 (iii) an assignment of a lessee's interest;
- 3 (iv) [articles of transfer;
- 4 (v)] articles of merger or other document which evidences a merger
5 of foreign corporations, foreign limited liability companies, foreign partnerships, or foreign
6 limited partnerships; and
- 7 [(vi)] (v) articles of consolidation or other document which
8 evidences a consolidation of foreign corporations.

9 (3) "Instrument of writing" does not include:

- 10 (i) a mortgage, deed of trust, or other contract that creates an
11 encumbrance on real property; or
- 12 (ii) a security agreement, as defined in [§ 12-101(h)] § 12-101(L) of
13 this article.

14 [(g)] (F) "Subsidiary corporation" includes any corporation that is a subsidiary
15 of either a parent corporation or any other subsidiary corporation of the parent corporation.

16 [(h)] (G) "Successor" has the meaning stated in § 1-101(cc) of the Corporations
17 and Associations Article.

18 13-404.

19 (a) [Except as provided under subsection (b) of this section, the] **THE** Department
20 shall collect county transfer tax at the rate set by each county for [articles of transfer,]
21 articles of consolidation[,] or articles of merger filed with the Department as required by §
22 3-107, § 4A-703, § 9A-903, or § 10-208 of the Corporations and Associations Article, or
23 other document filed with the clerk of the circuit court of a county or the Department which
24 evidences a merger or consolidation of foreign corporations, foreign limited liability
25 companies, foreign partnerships, or foreign limited partnerships.

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

28 (i) a transfer of real property between a parent corporation and its
29 subsidiary corporation or between 2 or more subsidiary corporations wholly owned by the
30 same parent corporation if the parent corporation is an original stockholder of the
31 subsidiary or subsidiaries, or became a stockholder through gift or bequest from an original
32 stockholder of the corporation for:

- 1 1. no consideration;
 - 2 2. nominal consideration; or
 - 3 3. consideration that comprises only the issuance,
4 cancellation, or surrender of a subsidiary's stock;
- 5 (ii) a transfer of real property made pursuant to a reorganization
6 described in § 368(a) of the Internal Revenue Code; or
 - 7 (iii) a transfer of title to real property from a subsidiary corporation
8 to its parent for no consideration, nominal consideration or consideration that comprises
9 only the issuance, cancellation, or surrender of a subsidiary's stock, where the parent
10 corporation:
 - 11 1. previously owned the real property;
 - 12 2. owns the stock of the subsidiary and has owned that stock
13 for a period greater than 18 months; or
 - 14 3. acquires the stock of a subsidiary corporation which has
15 been in existence and has owned the real property for a period of 2 years.
- 16 (2) Articles of merger or other document which evidences a merger of
17 foreign corporations are not subject to county transfer tax if the articles of merger or other
18 document which evidences a merger of foreign corporations are for a transfer of real
19 property from:
- 20 (i) a parent corporation to its subsidiary corporation;
 - 21 (ii) a subsidiary corporation to its parent corporation where the
22 parent corporation:
 - 23 1. previously owned the real property;
 - 24 2. owns the stock of the subsidiary and has owned that stock
25 for a period greater than 18 months; or
 - 26 3. acquires the stock of a subsidiary corporation which has
27 been in existence and has owned the real property for a period of 2 years;
 - 28 (iii) a corporation merging out of existence to its successor
29 corporation where recordation tax and, if then required to have been paid, transfer tax were
30 paid when the corporation merging out of existence acquired title to the real property; or
 - 31 (iv) a corporation merging out of existence pursuant to
32 reorganizations described in § 368(a) of the Internal Revenue Code.

1 ~~[(3)]~~ (2) Articles of consolidation or other document which evidences a
2 consolidation of foreign corporations are not subject to county transfer tax if the articles of
3 consolidation or other document which evidences a consolidation of foreign corporations are
4 for a transfer of real property from a consolidating corporation to its successor where
5 recordation tax and, if then required to have been paid, transfer tax were paid when the
6 corporation consolidating acquired title to the real property.

7 (e) (1) Articles [of transfer, articles] of merger, articles of consolidation, or
8 other document which evidences a merger or consolidation of foreign corporations or foreign
9 limited liability companies or foreign partnerships that are subject to county transfer tax
10 under this section also may be taxable under § 13–202 or § 13–302 of this title or § 12–102
11 of this article.

12 (2) Before a transfer of title may be made under articles of transfer, articles
13 of merger, articles of consolidation, or other document which evidences a merger or
14 consolidation of foreign corporations or foreign limited liability companies or foreign
15 partnerships for any property for which a property certificate is required under § 3–112 or
16 § 4A–708 of the Corporations and Associations Article, all recordation and transfer taxes
17 shall be paid.

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

21 SECTION 3. AND BE IT FURTHER ENACTED, That Section(s) 12–101(e), (e–1),
22 (e–2), (e–3), (e–4), (e–5), (f), (g), (h), (i), (j), (k), and (l), respectively, of Article –
23 Tax – Property of the Annotated Code of Maryland be renumbered to be Section(s)
24 12–101(d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), (o), and (p), respectively.

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