

# HOUSE BILL 44

Q6

6lr0977

(PRE-FILED)

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By: **Delegate A. Miller**

Requested: October 27, 2015

Introduced and read first time: January 13, 2016

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

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

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

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

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

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

22 **Article – Tax – Property**

23 12–108.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

9 (iii) “Predecessor entity” includes a:

10 1. Maryland general partnership or foreign general  
11 partnership;

12 2. Maryland limited partnership or foreign limited  
13 partnership;

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

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

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

19 **6. SOLE PROPRIETORSHIP.**

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

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

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

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

30 (ii) each member’s allocation of the profits and losses of the limited  
31 liability company is identical to that member’s allocation of the profits and losses of the  
32 converting predecessor entity; and

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

4 13–207.

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

7 (18) § 12–108(y) or (bb) of this article (Transfer from predecessor entity or  
8 real estate enterprise to limited liability company);

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
10 1, 2016.