

# SENATE BILL 202

Q6, C1

(3lr0874)

## ENROLLED BILL

— Budget and Taxation / Ways and Means —

Introduced by **Senators King, Brinkley, Currie, Garagiola, Madaleno, Manno, Peters, Ramirez, Raskin, and Robey**

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.

\_\_\_\_\_  
President.

### 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; ~~providing for the termination of this Act;~~ and generally  
9 relating to exempting certain transfers of real property between related  
10 business entities from the recordation tax and the State transfer tax.

11 BY repealing and reenacting, with amendments,  
12 Article – Tax – Property  
13 Section 12–108(p) and 13–207(a)(9)

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#### 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 Annotated Code of Maryland  
2 (2012 Replacement Volume)

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

5 **Article – Tax – Property**

6 12–108.

7 (p) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE  
8 THE MEANINGS INDICATED.

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

11 (III) “OWNER” MEANS A ~~PARTNER,~~ MEMBER, OR  
12 STOCKHOLDER OF A BUSINESS ENTITY.

13 (IV) “OWNERSHIP INTEREST” MEANS A ~~PARTNERSHIP~~  
14 ~~INTEREST,~~ MEMBERSHIP INTEREST, OR STOCK.

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

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

26 [(i)] 1. no consideration;

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

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

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

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

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

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

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

13 13–207.

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

16           (9)        § 12–108(p) of this article (Transfer of corporate property between  
 17 related [corporations] BUSINESS ENTITIES);

18           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
 19 July 1, 2013, and shall be applicable to all instruments of writing recorded on or after  
 20 July 1, 2013. ~~It shall remain effective for a period of 5 years and, at the end of June 30,~~  
 21 ~~2018, with no further action required by the General Assembly, this Act shall be~~  
 22 ~~abrogated and of no further force and effect.~~

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.