HOUSE BILL 363

Q6 HB 44/16 – W&M CF SB 111

By: Delegates A. Miller, Chang, Ebersole, Jalisi, Kramer, Krebs, Lam, Mautz, West, and K. Young

Introduced and read first time: January 25, 2017

Assigned to: Ways and Means

A BILL ENTITLED

1	AN ACT concerning
2	Recordation and Transfer Taxes – Exemptions – Property Conveyed From Sole 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; providing that the transfer of a controlling interest in a
8	limited liability company that is the product of an untaxed conversion from a sole
9	proprietorship is subject to the recordation and transfer tax under certain
10	circumstances; defining a certain term; and generally relating to an exemption from
11	recordation and transfer taxes for property conveyed from a sole proprietorship to a
12	limited liability company.
13	BY repealing and reenacting, with amendments,
14	Article – Tax – Property
15	Section 12–108(y) and 12–117(a)(6)(i)
16	Annotated Code of Maryland
17	(2012 Replacement Volume and 2016 Supplement)
18	BY repealing and reenacting, without amendments,
19	Article – Tax – Property
20	Section 12–117(a)(1) and (b)(1), 13–103(a) and (b), and 13–207(a)(18)
21	Annotated Code of Maryland
22	(2012 Replacement Volume and 2016 Supplement)
23	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
24	That the Laws of Maryland read as follows:

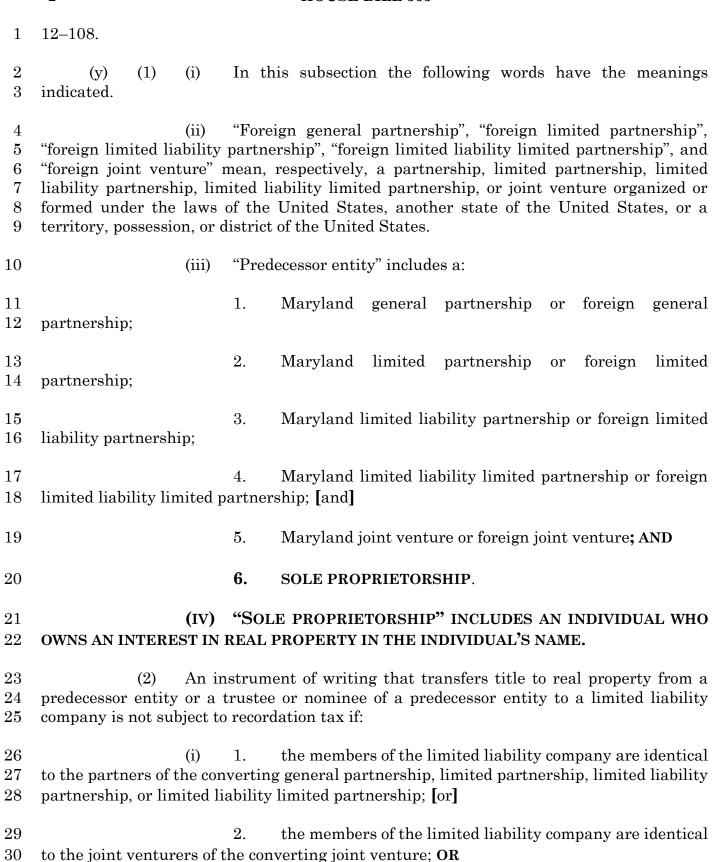
Article - Tax - Property

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

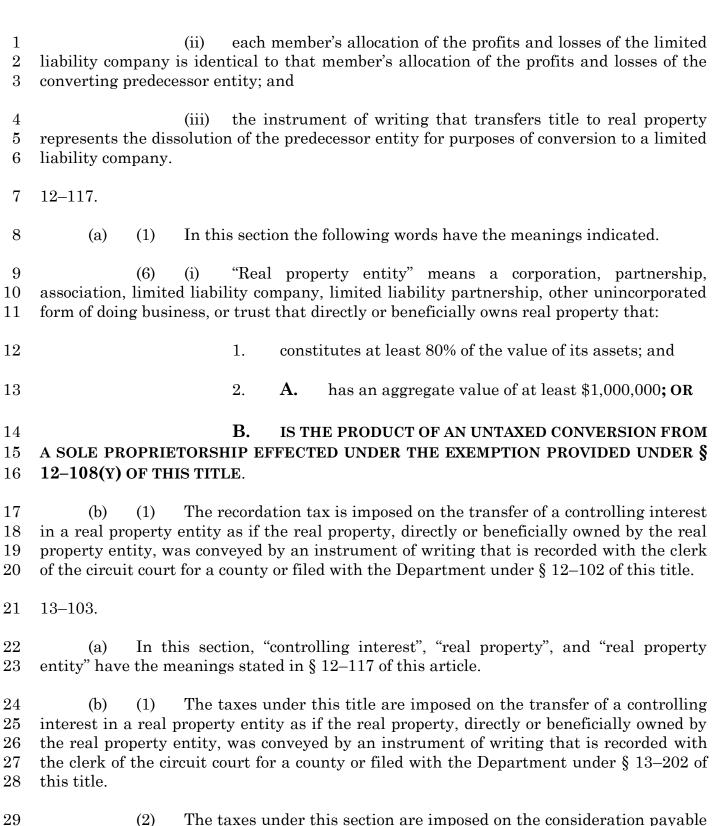
[Brackets] indicate matter deleted from existing law.

25





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



29 (2) The taxes under this section are imposed on the consideration payable 30 for the transfer of the controlling interest in the real property entity or on the value of the 31 real property directly or beneficially owned by the real property entity, as provided in § 32 12–117(b)(2) of this article.

HOUSE BILL 363

- 1 (3) (i) Except for the county transfer tax, the taxes under this section 2 shall be applied at the rates established in this title.
- 3 (ii) The county transfer tax shall be applied at the rate imposed by 4 the county where the real property is located.
- 5 13–207.
- 6 (a) An instrument of writing is not subject to transfer tax to the same extent that 7 it is not subject to recordation tax under:
- 8 (18) § 12–108(y) or (bb) of this article (Transfer from predecessor entity or 9 real estate enterprise to limited liability company);
- SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2017.