

FOR the purpose of imposing recordation and transfer taxes on certain dissolutions and liquidations; and providing for the determination of "consideration" in certain transactions.

BY adding to

Article 81 - Revenue and Taxes  
Section 277B  
Annotated Code of Maryland  
(1980 Replacement Volume and 1981 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland read(s) as follows:

Article 81 - Revenue and Taxes

277B.

(A) THE TAXES IMPOSED ON INSTRUMENTS OF CONVEYANCE OF PROPERTY OR TRANSFER OF TITLE TO PROPERTY BY SECTIONS 277 AND 278A OF THIS ARTICLE, AND BY THE TRANSFER TAXES OF THE COUNTIES AND THE CITY OF BALTIMORE, ARE APPLICABLE TO THE TRANSACTIONS DESCRIBED IN SUBSECTIONS (B) AND (C) OF THIS SECTION, EXCEPT AS PROVIDED IN SUBSECTION (E).

(B) THE TAXES REFERRED TO IN SUBSECTION (A) APPLY TO WRITTEN INSTRUMENTS CONVEYING THE REAL PROPERTY OF A CORPORATION TO ITS SHAREHOLDERS ON THE LIQUIDATION, DISSOLUTION, OR TERMINATION OF THAT CORPORATION.

(C) THE TAXES REFERRED TO IN SUBSECTION (A) APPLY TO WRITTEN INSTRUMENTS CONVEYING THE REAL PROPERTY OF A PARTNERSHIP TO ITS PARTNERS ON THE LIQUIDATION, DISSOLUTION, TERMINATION, OR WINDING UP OF THE AFFAIRS OF THAT PARTNERSHIP.

(D) IN DETERMINING THE AMOUNT OF CONSIDERATION ON WHICH THE TAXES ARE TO BE BASED, THE ASSESSED VALUATION FULL CASH VALUE OF THE PROPERTY INVOLVED--SHALL--BE--USED--IN CALCULATING--THE--FULL--CASH--VALUE--OF--THE--PROPERTY AS DETERMINED BY THE DEPARTMENT AT THE LAST DATE OF FINALITY SHALL BE USED.

(E) A TRANSACTION DESCRIBED IN SUBSECTIONS (B) AND (C) MAY NOT BE TAXED TO THE EXTENT THAT:

(1) PROPERTY IS CONVEYED TO A PERSON WHO WAS AN ORIGINAL SHAREHOLDER OR PARTNER OF THE ENTITY INVOLVED;

(2) PROPERTY IS CONVEYED TO A DIRECT DESCENDANT OR RELATIVE WITHIN 2 DEGREES OF A PERSON WHO WAS AN ORIGINAL SHAREHOLDER OR PARTNER OF THE ENTITY INVOLVED; OR