



1           **§ -2 Administration by director; rules.** (a) This  
2 chapter shall be administered by the director. All forms  
3 necessary to enforce this chapter shall be prescribed, printed,  
4 and furnished by the director. The director may adopt and shall  
5 enforce rules pursuant to chapter 91 to administer and enforce  
6 this chapter.

7           (b) In addition to any other rules necessary to administer  
8 and enforce this chapter, the director shall adopt rules:

- 9           (1) Establishing a system to notify the department of  
10 changes in the controlling interest of any entity  
11 subject to this chapter;
- 12           (2) Establishing requirements as to the responsibility for  
13 filing returns if there is no single person who  
14 conveys the controlling interest in any entity subject  
15 to this chapter; and
- 16           (3) Providing for the filing of any liens necessary to  
17 enforce the payment of taxes, and any penalties or  
18 interest required by this chapter.

19           **§ -3 Tax on transfer of controlling interest; possessing**  
20 **real property; rate of tax applied to the value of the real**  
21 **property.** (a) There is imposed a tax on the sale or transfer  
22 for consideration of a controlling interest in any limited



1 liability company which possesses, directly or indirectly, an  
2 interest in real property in this State when the present true  
3 and actual value of the interest in real property equals or  
4 exceeds \$2,000, and when:

5 (1) The transfer of a controlling interest is made by a  
6 seller or transferor or by a group of sellers or  
7 transferors acting in concert; provided that sellers  
8 or transferors who are related to each other by blood  
9 or marriage are presumed, unless shown to the  
10 contrary, to be acting in concert; and

11 (2) The controlling interest transfers real property to a  
12 transferee or to a group of transferees acting in  
13 concert; provided that:

14 (A) Where transferees are related and one influences  
15 or controls the actions of another (such as  
16 parent and subsidiary corporations, parents and  
17 children, and husbands and wives), the  
18 transferees shall be presumed to be acting in  
19 concert; and

20 (B) Where transferees have negotiated and will  
21 consummate their purchase of the controlling  
22 interest (such as transfers that are closely



1 related in time, transferees that are few in  
2 number, or purchase contracts that contain mutual  
3 terms, and agreements among transferees binding  
4 them to a course of action with respect to the  
5 transfers), the transferees shall be presumed to  
6 be acting in concert.

7 The tax imposed on the present true and actual value of the  
8 interest in real property transferred shall be at the following  
9 rates:

10 (1) Except as provided in paragraph (2):

11 (A) Ten cents per \$100 for properties with a value of  
12 less than \$600,000;

13 (B) Twenty cents per \$100 for properties with a value  
14 of at least \$600,000, but less than \$1,000,000;

15 (C) Thirty cents per \$100 for properties with a value  
16 of at least \$1,000,000, but less than \$2,000,000;

17 (D) Fifty cents per \$100 for properties with a value  
18 of at least \$2,000,000, but less than \$4,000,000;

19 (E) Seventy cents per \$100 for properties with a  
20 value of at least \$4,000,000, but less than  
21 \$6,000,000;



- 1           (F)   Ninety cents per \$100 for properties with a value
- 2                   of at least \$6,000,000, but less than
- 3                   \$10,000,000; and
- 4           (G)   One dollar per \$100 for properties with a value
- 5                   of \$10,000,000 or greater;
- 6           and
- 7       (2)   For the sale of a condominium or single family
- 8           residence for which the purchaser is ineligible for a
- 9           county homeowner's exemption on property tax:
- 10          (A)   Fifteen cents per \$100 for properties with a
- 11                   value of less than \$600,000;
- 12          (B)   Twenty-five cents per \$100 for properties with a
- 13                   value of at least \$600,000, but less than
- 14                   \$1,000,000;
- 15          (C)   Forty cents per \$100 for properties with a value
- 16                   of at least \$1,000,000, but less than \$2,000,000;
- 17          (D)   Sixty cents per \$100 for properties with a value
- 18                   of at least \$2,000,000, but less than \$4,000,000;
- 19          (E)   Eighty-five cents per \$100 for properties with a
- 20                   value of at least \$4,000,000, but less than
- 21                   \$6,000,000;



1 (F) One dollar and ten cents per \$100 for properties  
2 with a value of at least \$6,000,000, but less  
3 than \$10,000,000; and

4 (G) One dollar and twenty-five cents per \$100 for  
5 properties with a value of \$10,000,000 or  
6 greater.

7 The tax shall be payable by the limited liability company  
8 selling or transferring the controlling interest, or as  
9 designated by the director pursuant to rule. If the entity owns  
10 less than a one hundred per cent interest in the real estate,  
11 the tax shall be based on the actual percentage of ownership,  
12 with no further discounts on account of minority ownership.

13 (b) A taxable sale or transfer of a controlling interest  
14 may occur in one transaction or in a series of transactions.  
15 Transactions that occur within six months of each other are  
16 presumed, unless shown to the contrary, to be a series of  
17 transactions.

18 (c) In addition to the exemptions under section 247-3, the  
19 tax imposed by subsection (a) shall not apply to:

20 (1) Any sale or transfer of a controlling interest to the  
21 extent that the limited liability company possesses,  
22 directly or indirectly, an interest in real property



1 located in an area of any county designated as an  
2 enterprise zone in accordance with section 209E-4, but  
3 shall apply to the extent the limited liability  
4 company possesses, directly or indirectly, an interest  
5 in real property in this State located outside the  
6 area designated as an enterprise zone; and

7 (2) Any sale or transfer of real property, however  
8 effected, if it consists of a mere change in identity  
9 or form of ownership of a limited liability company  
10 where there is no change in the beneficial ownership,  
11 including transfers to a corporation or partnership  
12 that is wholly owned by the transferor.

13 **§ -4 Filing return and payment of tax.** On or before the  
14 last day of the month following the month in which the sale or  
15 transfer of a controlling interest in a limited liability  
16 company that is subject to the tax imposed by section -3  
17 occurs, a return shall be filed with the director by the entity  
18 or entities conveying the controlling interest, as designated by  
19 and in a form as the director may prescribe pursuant to rules  
20 adopted under chapter 91.







**Report Title:**

Taxation; Controlling Interest Transfer Tax

**Description:**

Establishes a controlling interest transfer tax imposed at the rate set under the conveyance tax, to be administered by the Director of Taxation on any transfer of interest of more than 50 percent in an entity holding real property in the state.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

