



CITY OF PHILADELPHIA
LAW DEPARTMENT
TAX & REVENUE UNIT

DIANA P. CORTES,
CITY SOLICITOR

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August 23, 2023

[REDACTED]

Re: Realty Transfer Tax Ruling Request
Statutory Conversion & Division

Dear [REDACTED]:

On behalf of your client, [REDACTED] (“[REDACTED]”), you requested a ruling from the City of Philadelphia (“City”) through its Law Department that the Philadelphia Realty Transfer Tax (“RTT”) will not be triggered and imposed as the result of either (1) the statutory conversion of [REDACTED] from a Pennsylvania corporation to a Delaware limited liability company, and (2) the statutory division of [REDACTED] following its conversion to a Delaware limited liability company, all as described below.

Background and Representations:

In rendering the opinion set forth below, we rely upon the following representations which you have made as counsel to [REDACTED]:

[REDACTED] was formed as a Pennsylvania corporation on [REDACTED] and has a single shareholder that is also a Pennsylvania corporation. [REDACTED] owns two parcels of real estate located in Philadelphia: (i) [REDACTED], OPA Account Number [REDACTED] (“Parcel 1”) and (ii) [REDACTED], OPA Account Number [REDACTED] (“Parcel 2”).

In order to facilitate the separate re-financing of both Parcel 1 and Parcel 2, [REDACTED] intends to engage in the following, two-step reorganization:

1. First, [REDACTED] will be statutorily converted from a Pennsylvania corporation to a Delaware limited liability company (the "Conversion") pursuant to the conversion provisions set forth in Subchapter E of the Pennsylvania Entity Transactions Law, 15 Pa.C.S.A. §§ 351-356, and the conversion provisions set forth in Section 18-214 of the Delaware Limited Liability Company Act (Del. Code tit. 6, § 18-214). Following the Conversion, [REDACTED] will be known as [REDACTED].

2. Following the Conversion, [REDACTED] will divide pursuant to the division provisions set forth in Section 18-217 of the Delaware Limited Liability Company Act (Del. Code tit. 6, § 18-217) (the "Division"). In the Division, (i) [REDACTED] will continue uninterrupted as the "surviving company" as defined in Del. Code tit. 6, § 18-217(a)(7), and will be allocated all of assets and liabilities other than those related to Parcel 2, and (ii) [REDACTED], a Delaware limited liability company, will be formed as the "resulting company" in the Division as defined in Del. Code tit. 6, § 18-217(a)(6), and will be allocated Parcel 2 and all assets and liabilities related thereto.

There will be no direct or indirect change in ownership as a result of either the Conversion or the subsequent Division – both [REDACTED] and [REDACTED] will have as their sole member the same Pennsylvania corporation that is the sole shareholder of [REDACTED]. Moreover, [REDACTED] will continue to use after the Conversion and the Division the same EIN as [REDACTED] before the Conversion and the Division. A confirmatory deed for Parcel 1 will be recorded in the Philadelphia Department of Records to confirm that, as a result of the Conversion and Division, Parcel 1 is held by [REDACTED]. Further, a confirmatory deed for Parcel 2 will be recorded in the Philadelphia Department of Records to confirm that, as a result of the Division, Parcel 2 is held by [REDACTED].

Ruling Request:

You ask that the Law Department rule that:

No Philadelphia RTT will be triggered or imposed as a result of either the Conversion or the Division, as both the Pennsylvania Entity Transactions Law and the Delaware Limited Liability Company Act provide that all property (including real property) of an entity that undergoes a statutory conversion and/or division is vested in the applicable surviving and resulting entities without reversion or impairment and that the conversion and/or division shall not constitute a transfer of any such property.

Ruling:


Pursuant to Section 356(a)(2) of Subchapter E of the Pennsylvania Entity Transactions Law, 15 Pa.C.S. §§ 356(a)(2), and Section 18-214(f) of the Delaware Limited Liability Company Act, Del. Code tit. 6, § 18-214(f), all property (including real property) of an entity that undergoes a statutory conversion is vested in the converted entity without reversion or

impairment and the conversion shall not constitute a transfer of any such property. Pursuant to Sections 367(a)(3)(ii) and (a)(4)(iii) of Subchapter F of the Pennsylvania Entity Transactions Law, 15 Pa.C.S. §§ 367(a)(3)(ii), (a)(4)(iii), and Sections 18-217(1)(2) and (8) of the Delaware Limited Liability Company Act, Del. Code tit. 6, §§ 18-217(1)(2), (8), all property (including real property) of an entity that undergoes a statutory division is vested in the applicable surviving and resulting entities without reversion or impairment and the division shall not constitute a transfer of any such property. Accordingly, based on the information and representations described above, Philadelphia RTT will not be triggered by or imposed on either (i) the conversion of [REDACTED] from a Pennsylvania corporation to a Delaware limited liability company as described above and any related confirmatory deeds filed in connection therewith, or (ii) the division of [REDACTED] into [REDACTED] and [REDACTED] as described above and any related confirmatory deeds filed in connection therewith.

This ruling is given to you as of the date hereof, and we express no opinion as to any matter not expressly set forth herein. By issuing this ruling, we do not undertake any obligation to advise you of any change in law or facts that may occur or come to our attention after the date hereof.

This letter ruling is directed only to the proposed reorganization discussed herein and is for the benefit of [REDACTED], [REDACTED] and [REDACTED]. This letter ruling is not intended to have nor does it have any precedential value for other taxpayers. We offer no assurances that we would reach the same conclusion with respect to other reorganizations. Lastly, we acknowledge that you have paid the required \$1,500 for this opinion.

Sincerely,



Mary-Kate Martin
Divisional Deputy City Solicitor