February 21, 2017

The Honorable Anne R. Kaiser
Ways and Means Committee
Room 131, House Office Building
Annapolis, MD 21401

Re: **HB 363** – Recordation and Transfer Taxes – Exemptions – Property Conveyed From Sole
Proprietorship to Limited Liability Company – **Support**

Dear Delegate Kaiser:

House Bill 363 exempts real property transfers from a sole proprietorship to a limited liability
company from recordation and transfer taxes if the sole member of the LLC is identical to the
converting sole proprietor. The Legislative Committee of the Carroll County Chamber of
Commerce supports this bill as we believe it will encourage business development and
encourage businesses to remain in the State of Maryland.

We believe House Bill 363 makes sense in the normal course of business. A simple change such
as this in all fairness should be exempt from additional taxation. The objection that this change
could result in a tax free transfer to another party through the LLC could be fixed by simply not
allowing a sham transaction in the legislation. An unrelated party entering the LLC could trigger
a taxable transaction. The state of Maryland is at a critical juncture as the competition to attract
new business and individuals is increasing. Moreover, the move toward increased regulation has
had a negative impact on our business climate. We need to reverse this cycle for the future
generations of Marylanders or we continue to lose both residents and businesses and at the same
time become unattractive to those who are looking to become residents.

We therefore ask that your committee consider the positive long term benefits of House Bill 363
and give this bill a favorable report.

Sincerely,

Michael McMullin
President
Carroll County Chamber of Commerce

CC: Delegate Susan W. Krebs
       Senator Justin Ready