



February 21, 2017

The Honorable Edward J. Kasemeyer
Budget and Taxation Committee
3 West, Miller Senate Office Building
Annapolis, MD 21401

Re: **SB 111** – Recordation and Transfer Taxes – Exemptions – Property Conveyed From Sole Proprietorship to Limited Liability Company – **Support**

Dear Senator Kasemeyer:

Senate Bill 111 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 Senate Bill 111 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 Senate Bill 111 and give this bill a favorable report.

Sincerely,

A handwritten signature in black ink that reads 'Mike McMullin'.

Michael McMullin
President
Carroll County Chamber of Commerce

CC: Senator Justin Ready
Delegate Susan W. Krebs