

- Many LLC and S Corp. owners of pass through entities (PTEs) would always be tempted to relocate to a tax-free state, as they do not have to pay state and local taxes and large states in Middle America.

- Our law firm can relocate to any other State in the U.S. since less than 1% of our revenues are from clients in Maryland. We have a nationwide practice with our clients generally being large companies on the west coast, other major cities on the east coast

- The direct state tax revenues with about 100 professional positions and the local taxes in the state of Maryland. Hence, the impact of one business such as ours is substantial. many other jobs indirectly for vendors, suppliers and others, who are all primarily based to a county would be adversely impacted if the law firm were to relocate out of the state.

- We have created around 100 direct jobs in Baltimore County, Maryland, plus reasons, along with other entities and organizations, who are in favor of House Bill 129: We respectfully request the Committee to vote to support the Bill for the following

U.S. mainland or any other part of the world.  
have the freedom to relocate to any other city, state or U.S. territory, anywhere in the U.S. federal law and hence we are not restricted or required to work in any state. We across the U.S. We are a leading U.S. law firm that has a practice with a focus solely on providing exceptional services and outstanding value to our clients and customers, grown to about 100 employees based in Baltimore County, Maryland by focusing on From a company with one employee in May 1994, the Murthy Law Firm has

businesses, successfully.  
doctors and engineers, so that these employers can serve their clients and grow their sponsor individuals to fill vacant positions for high skilled workers and professionals, like large, medium and small companies, Universities, hospitals, and other employers, who reputation for outstanding service in the field of U.S. immigration law. We represent the past 25 plus years we have grown into a law firm with a national and international The Murthy Law Firm was founded in 1994 in Baltimore County, Maryland. Over

Dear Chairwoman Kaiser and Honorable Members of the Committee:

Wednesday, February 12, 2020

Entities House Ways & Means Committee

LEGISLATIVE POSITION: Favorable House Bill 129 Taxes-Election for Pass-Through



For these reasons, the Murthy Law Firm respectfully requests a favorable report on HB 129. Thank you in advance for your recommendation and favorable consideration.

In conclusion, we are just one example of a mid-size or small business that is choosing to stay in Maryland and will benefit from having this bill become law. The relatively minor code change would provide federal tax relief to us and thousands of other small and mid-size business owners, as they are a big reason for the economic engine in Maryland, while remaining revenue neutral to the State.

Since six other states have already passed similar legislation to retain and grow their small and mid-size businesses, we would kindly appreciate the Committee recommending the enactment of HB 129 to encourage new businesses to come to Maryland and help those who are located here to stay here to grow and become more successful.

This bill, if enacted into law in Maryland, will not have any adverse tax impact on Maryland's tax revenues. The bill is revenue neutral for Maryland. The income from the PTE still flows through to the owners' individual income tax return. Hence, it is a classic win-win all around for the State of Maryland and for many small and mid-size businesses and their employees, like ours, that can continue to do business in the State.

The amount of money we invest each year in charitable foundations in the State of Maryland and allocate hundreds of thousands of dollars each year towards various non-profit entities and charitable causes across the State is substantial and as a direct result of the Firm being headquartered in the state of Maryland

Each time there is an increase in taxes in Maryland or changes that impact and add to the tax load of businesses such as ours, the Firm's leadership must consider its options, including relocation out of the state, to a more tax friendly state. This will have a devastating impact on the 100 employees and their families directly impacted, and all others in Maryland, who benefit indirectly, from having a business such as ours located and headquartered in the State of Maryland.

On their income in such states. On top of that, the \$10,000 limit on state and local tax deductions for PTEs created by the Tax Cuts and Jobs Act of 2017 (TCJA), would not affect such entities or businesses and their owners in tax free states, like it does for businesses located in Maryland, which have a comparatively higher tax rate.

