



LEGISLATIVE POSITION:

Favorable with Amendment

House Bill 366

Office of the Comptroller – Legal Division and Private Letter Ruling Procedures

House Ways and Means

Wednesday, January 9, 2022

Dear Chairwoman Atterbeary and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 5,500 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

HB 366 establishes a Legal Division within the Comptroller's Office to provide expanded and detailed tax guidance and other duties relating to private letter rulings (PLR). A private letter ruling is a written determination from the Comptroller's Office on how certain tax laws and regulations are applied. These letters are incredibly helpful and provide real value for business owners when determining what taxes apply to their business.

Small businesses are the backbone of Maryland's economy and provide much needed employment opportunities and philanthropy to the communities they serve. HB 366 provides these businesses with an avenue to obtain clarity on Maryland's ever changing tax system and ensures that the Comptroller's office has qualified staff to execute this function.

However, The Maryland Chamber of Commerce asks that the 3-year automatic expiration of all ruling letters be struck from the bill. This is not in line with Federal Internal Revenue Service PLR rules, nor with most other states. Many of these issues remain the same after three years and this mandatory expiration would require small businesses to reapply for the private letter ruling, wasting both the businesses and legal division's time. Instead, the letter should only expire if the facts change, the underlying law has changed, or a court decision about the underlying law has been issued that changes the state's conclusion.

The Maryland Chamber of Commerce respectfully requests a **favorable report with amendments** on **HB 366**.