

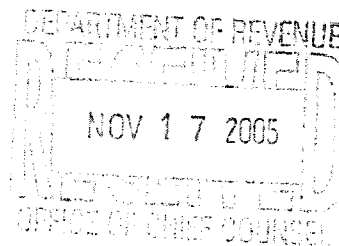
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November 16, 2005

Mary R. Sprunk
Office of Chief Counsel
Department of Revenue
Dept. 281061
Harrisburg, PA 17128-1061

RE: Proposed Rulemaking
Department of Revenue
61 Pa Code Chapter 91
Realty Transfer Tax Amendments

Dear Ms. Sprunk:

I have reviewed the above proposed amendments and wish to provide input on those sections that address documents involving corporations, partnerships, limited partnership, and other associations (section 91.154).

The issue of transfer tax assessed against the transfer of real estate from an individual to an entity wholly owned and controlled by the same individual or real estate transferred from one form of an entity to another with identical ownership interests has always been problematic in my practice. I practice principally in the areas of business development, business financing, and real estate acquisition and transfer, so I am faced with transfer tax repeatedly. Practitioners that I have met from other states are stunned that the Commonwealth of Pennsylvania imposes such a significant tax on the transfer of real estate in those instances as I described above.

While it may appear that section 91.154(b) provides a mechanism whereby transfer tax can be avoided, compliance with the exemption requirements returns the business community to the days prior to an organized courthouse recording system when trafficking in actual deeds of title was the preferred method of establishing ownership. Instituting section 91.154(b) and (c) will, over time, create an underground of unrecorded title documents that would provide no one with the necessary notice or access to information that is the basis of the Statute of Frauds and recording process.

Further, the existence of section 91.154(b) and (c), I suspect, will create significant estate tax issues when property that has been, "by oral agreement", contributed to a partnership which is controlled by a partnership agreement is also arguably part of a decedent's estate because the title to the property has remained with the deceased partner. The issues involving appropriate

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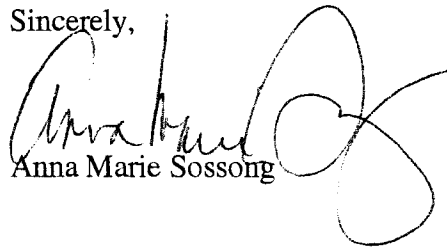
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distribution, credit for value and impact on the partnership agreements can only be guessed at now, but will certainly become issues immediately.

It seems to me that the transfer of real estate back and forth between an individual owner (or owners) and an entity controlled by that owner should be a non-taxable event. For purposes of revenue raising, these sorts of transactions are really "found money" to the Commonwealth now, especially insofar as the LLC has become a much more common vehicle over the last two years. These kinds of transactions would not have occurred (especially in this great of numbers) even five years ago. Consideration should be given to the idea of permitting the transaction to be tax exempt unless more than a controlling interest (50%) in the property is transferred to someone different than the original owner. This would permit individual owners to transfer the assets into the limited partnerships with a 1% (or otherwise small general partnership owner) or a limited liability company or limited liability partnership with no taxable affect.

Most of these transfers are being done for asset protection for liability concerns, estate planning, and financing. There is no value being created and there is no actual new owner. To endorse and institutionalize a system of secret land transfers is unfathomable.

Sincerely,



Anna Marie Sossong

AMS/mss