September 22, 2016

Secretary Jack Lew
U.S. Department of the Treasury
1500 Pennsylvania Ave NW
Washington, DC 20220

CC: Chairman Orrin Hatch, Chairman Kevin Brady, Ranking Member Ron Wyden, Ranking Member Sander Levin

Dear Secretary Lew:

The undersigned organizations oppose the Department of Treasury's proposed changes to Section 2704 on estate and gift tax valuation discounts. These rules will significantly change family businesses' succession plans and make it harder for family owned businesses to transition to the next generation. The changes proposed to Section 2704 would remove legitimate valuation discounts for estate, gift, and generation skipping taxes which businesses have used for the past two decades in order to prevent the IRS from overvaluing their businesses at death.

These proposed regulations would force even more family businesses and farms to grapple with the complicated and costly estate tax. Moreover, Treasury's action does not comport with the will of Congress. On April 16, 2015, the House passed the *Death Tax Repeal Act* (H.R. 1105) on a bipartisan basis 240-179. In March 2015, the Senate passed a budget amendment to repeal the estate tax (S. Amdt. 607) and in 2013, 80 Senators voted to "to repeal or reduce the estate tax, but only if done in a fiscally responsible way" (S. Amdt. 693). Bypassing Congress to enact rules subjecting more family businesses to the estate tax rebukes the hard work elected officials have done to reform and repeal the tax altogether.

The undersigned organizations strongly oppose the Treasury Department forcing more family businesses to pay the estate tax through changes to Section 2704. Contrarily, we support full and permanent repeal of the estate tax for the following reasons:

Repealing the estate tax would spur job creation and grow the economy. Many studies have quantified the jobs that would be gained from estate tax repeal. A recent Tax Foundation study found that the US could create over 150,000 jobs by repealing the estate tax. A 2012 study by the House Joint Economic Committee found that the estate tax has destroyed over $1.1 trillion of capital in the US economy – loss of small business capital means fewer jobs and lower wages. Lawrence Summers, former Secretary of the Treasury under President Clinton; Alicia Munell, member of President Clinton's Council of Economic Advisors; Joseph Stiglitz, a Nobel laureate for economics; and Douglas Holtz-Eakin, former CBO Director have all published work on the estate tax's stifling effect on job growth and the economy as a whole.

The estate tax contributes a very small portion of federal revenues. The estate tax currently accounts for less than one percent of federal revenue. There is a good argument that not collecting the estate tax would create more economic growth and lead to an increase in federal revenue from other taxes. In addition, the estate tax forces family businesses to waste money on expensive insurance policies and estate planning. These burdensome compliance costs make it even harder for business owners to expand their businesses and create more jobs.

The estate tax falls particularly hard on minorities. The estate tax threatens to confiscate generational capital from African-American and minority communities. Estate tax liabilities bankrupted the Chicago Defender – the oldest black-owned daily newspaper in the United States. According to a 2004 Impacto Group poll, 50 percent of Hispanic business owners know someone who sold their business to pay the estate tax and a quarter expect to sell their business because of the estate tax.

A super-majority of likely voters support eliminating the estate tax. Poll after poll has indicated that a super-majority of likely voters support repealing the estate tax. Typically, two-thirds of likely voters support full and permanent repeal of the estate tax. People instinctively feel that the estate tax is not fair.

The estate tax is unfair. It makes no sense to require grieving families to pay a confiscatory tax on their loved one's lifetime savings. Often this tax is paid by selling family assets like farms and businesses. Other times, employees of the family business must be laid off and payrolls slashed. No one should be punished for fulfilling the American dream.

The undersigned organizations strongly suggest that the Treasury Department support family businesses seeking to pass to the next generation by withdrawing their proposed changes to Section 2704.

Signed,

AMT – The Association for Manufacturing Technology	Food Marketing Institute	Agricultural Retailers Association
International Foodservice Distributors Association	Convenience Distribution Association	Associated Equipment Distributors
International Franchise Association	American Supply Association	National Cotton Council of America

Heating, Air-conditioning, & Refrigeration Distributors International

National Association of Electrical Distributors

National Lumber and Building Material Dealers Association

National Council of Farmer Cooperatives

American Trucking Association

Associated General Contractors of America

American Architectural Manufacturers Association

Hardwood Federation

National Confectioners Association

Association of Mature American Citizens

Air Conditioning Contractors of America

Americans for Tax Reform

Forest Landowners

Associated Builders and Contractors, Inc.

National Association of Home Builders

Printing Industries of America	Truck Renting and Leasing Association	Americans Standing for Simplification of Estate Tax
Industrial Minerals Association – North America	International Sleep Products Association	National Taxpayers Union
ISSA – The Worldwide Cleaning Industry Association	United Fresh Produce Association	National Electrical Contractors Association
AmericanHort	Mason Contractors Association of America	Coalition of Franchisee Associations
Wine & Spirits Wholesalers of America	National Grange	Associated Wire Rope Fabricators

Heritage Action for America	Association of Equipment Manufacturers	American Foundry Society
International Housewares Association	Petroleum Marketers Association of America	American Conservative Union
National Industrial Sand Association	Window & Door Manufacturers Association	Aeronautical Repair Station Association
Equipment Marketing & Distribution Association	International Council of Shopping Centers	National Christmas Tree Association
American Business Defense Council	Education Market Association	National Association of Chemical Distributors

National Renderers Association

Equipment Dealers Association

Americans for Prosperity

Club for Growth

National Propane Gas Association

National Funeral Directors Association

American Loggers Council

The Dude Ranchers' Association

R-Street Institute

International Association of Plastics Distribution

United States Cattlemen's Association

International Sign Association

Auto Care Association

National Black Chamber of Commerce

National Small Business Association

Professional Beauty Association

Material Handling Equipment Distributors Association

Home Furnishings Association

Small Business & Entrepreneurship Council

NACS – The Association for Convenience and Fuel Retailing

American Beverage Licensees

Metal Construction Association

NPES – The Association for Suppliers of Printing, Publishing and Converting Technologies

Irrigation Association

Forest Landowners Tax Council

Florida Armenians, LLC

International Association of Refrigerated Warehouses

Global Cold Chain Alliance

American Commitment

Log Cabin Republicans

Franchise Business Services

Tire Industry Association

Jeffersonian Project

Rural Agriculture Council of America

American Moving & Storage Association

National Association for the Self-Employed

Independent Electrical Contractors

National Association of RV Parks & Campgrounds

NTEA – The Association for the Work Truck Industry

NATSO, Representing America's Travel Centers and Truckstops

60 Plus Association

Southeastern Lumber Manufacturers Association

National Franchisee Association

Competitive Enterprise Institute

Taxpayer Protection Alliance

American Bus Association

American Horse Council

Center for Freedom and Prosperity

U.S. Business and Industry Council

National Utility Contractors Association

National Community Pharmacists Association

Modification and Replacement Parts Association

WMDA Service Station & Automotive Repair Association

Campaign for Liberty

American Civil Rights Union

Let Freedom Ring

Less Government

Service Station Dealers of America and Allied Trades

National Tax Limitation Committee

NTCA–The Rural Broadband Association

Gases and Welding Distributors Association

The Latino Coalition

Hardwood Manufacturers Association

National Insulation Association

Family Business Coalition