United States Senate
WASHINGTON, DC 20510

September 29, 2016

The Honorable Jacob Lew
United States Treasury Secretary
U.S. Department of the Treasury
1500 Pennsylvania Ave., N.W.
Washington, D.C. 20220

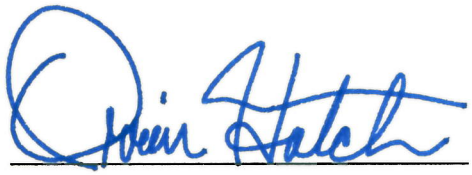
Dear Secretary Lew:

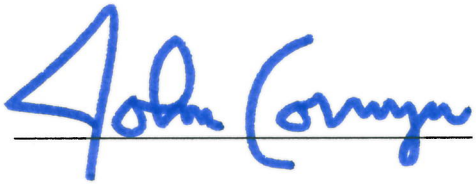
We write to express our serious concerns over proposed regulations (REG-163113-02) published on August 4, 2016, under Internal Revenue Code section 2704 ("proposed regulations") that, if finalized in their current form, will significantly increase the estate tax burden on family businesses. The proposed regulations eliminate or greatly reduce the discounts for lack of control and lack of marketability for family farms and businesses and will thus discourage families from continuing to operate and build their businesses. We ask that the proposed regulations not be finalized in their current form as they directly contradict long-standing legal precedent, create new uncertainty for taxpayers, and put family-owned businesses at a disadvantage relative to other types of businesses.

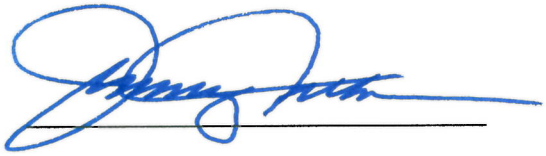
In an October 3, 2014, letter (attached), a number of us communicated to the Treasury Department and the Internal Revenue Service our strong opposition to any regulatory effort that would artificially inflate the valuation of estates and eliminate the benefits of estate tax relief legislation that was enacted on a bipartisan basis by the *American Taxpayer Relief Act of 2012*. By raising taxes on family farms and businesses, the proposed regulations represent a step back from the recently enacted permanent estate tax relief.

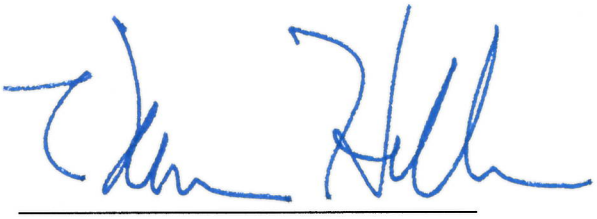
Treasury should pursue policies that encourage the creation and growth of family businesses and not propose regulatory changes that make it more difficult and costly for families to transfer ownership to future generations. We thus request that Treasury withdraw the proposed regulations and ask that any regulations that Treasury may issue in the future more directly target perceived abuses in the valuation of transferred interests in family businesses.

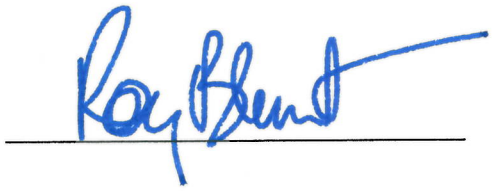
Sincerely,

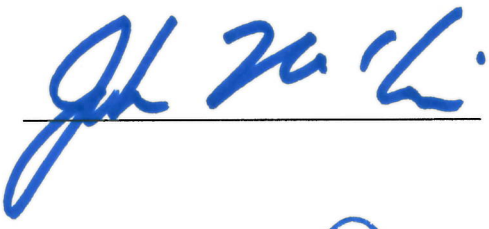


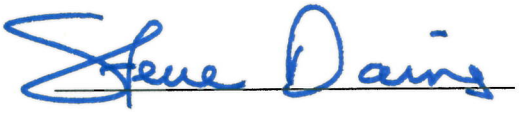


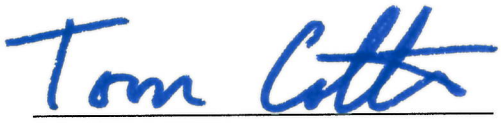


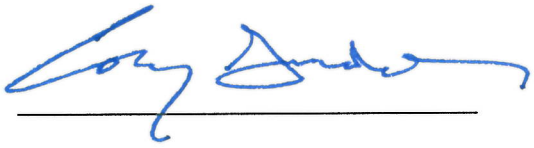


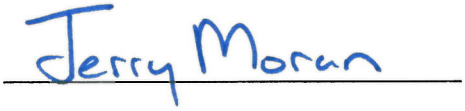


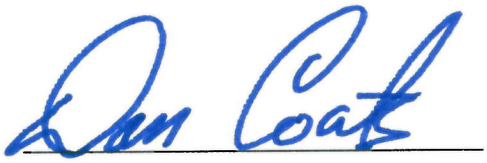


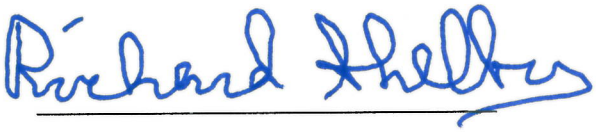


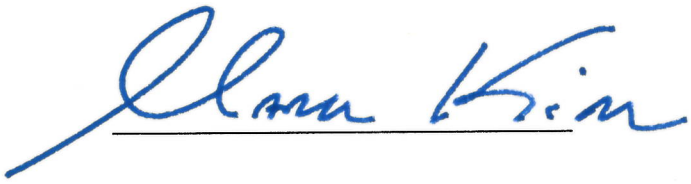


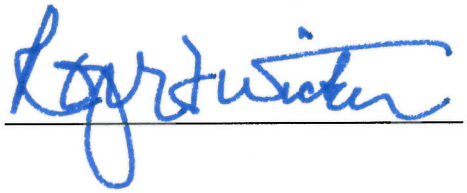


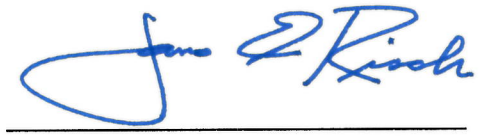


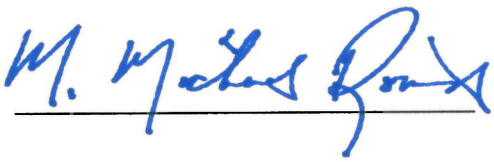


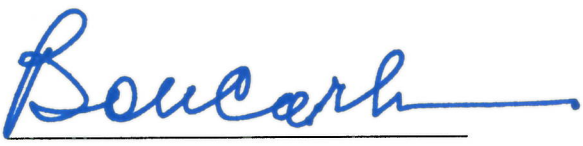


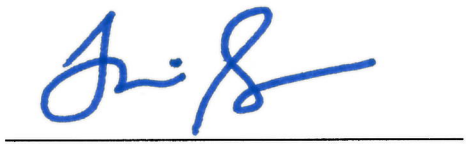


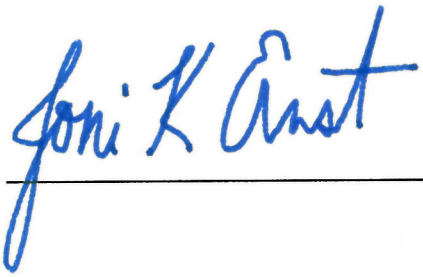


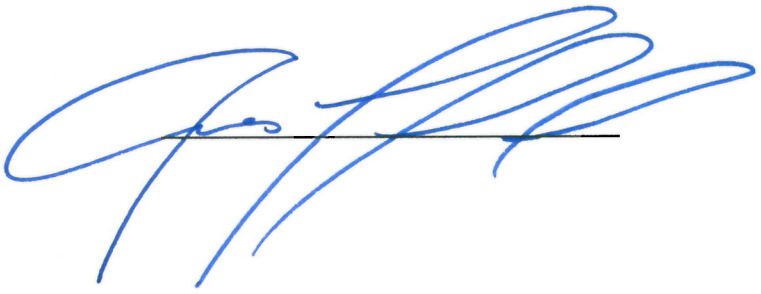


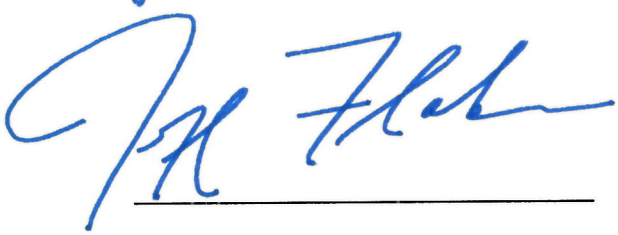












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