



**Independent Electrical  
Contractors**

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November 2, 2016

The Honorable Mark J. Mazur  
Assistant Secretary (Tax Policy)  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

The Honorable William J. Wilkins  
Chief Counsel, Internal Revenue Service  
U.S. Department of the Treasury  
1111 Constitution Ave., NW  
Washington, DC 20224

Re: Comment on Estate, Gift, and Generation-Skipping Transfer Taxes; Restrictions on Liquidation of an Interest – REG-163113-02; RIN: 1545-BB71

Dear Assistant Secretary Mazur and Chief Counsel Wilkins:

On behalf of the members of the Independent Electrical Contractors (IEC), I write to urge the Treasury Department and Internal Revenue Service to withdraw from consideration the Proposed Rules regarding the valuation of interests in family-controlled businesses for estate, gift, and generation-skipping tax purposes.

Established in 1957, IEC is a trade association representing 3,000 members with 50 chapters nationwide. Headquartered in Alexandria, Va., IEC is the nation's premier trade association representing America's independent electrical and systems contractors. IEC National aggressively works with the industry to establish a competitive environment for the merit shop – a philosophy that promotes the concept of free enterprise, open competition and economic opportunity for all.

IEC's membership is comprised largely of family-owned electrical contracting businesses, which would be directly impacted by the Proposed Rules. The proposed changes to IRC Section 2704 would greatly reduce, if not completely eliminate, the applicability of minority and marketability discounts in family owned businesses or family owned investment enterprises. In the real world, a minority interest in a closely held business is entitled to discounts for lack of marketability and a minority interest because such an interest is worth less on the open market. This fact does not change depending on whether the business enterprise is owned by family members. In short, the Proposed Rules create an uneven playing field and a competitive advantage for similarly situated businesses not comprised of family members.

By implementing the Proposed Rules, family businesses will be prevented from successfully transitioning from one generation to the next. Artificially imposing higher valuations for restricted interests will create a tax burden that threatens their viability and continuity. Thus, the Proposed Rules will inhibit family businesses, including family-owned electrical contracting businesses, from continuing to be a significant force in job creation and economic growth in communities across the country.

The Proposed Rules also fail to recognize or consider ordinary situations faced by many family-owned electrical contracting businesses. It is fairly common for a family member to inherit an interest that has

no discernable value in the secondary market and cannot be easily liquidated. In addition, that individual will not be in a position to dictate to those with a controlling interest in the business what actions to take to ensure the tax can be paid. Unfortunately, the Proposed Rules do not take into account this fairly common situation and incorrectly assume that all family members act in lock-step and complete agreement in the day-to-day operation of their business.

Finally, the Proposed Rules would force even more family-owned electrical contracting businesses to deal 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). By enacting rules subjecting more family businesses to the estate tax, Treasury is rebuking the work put forth by elected officials to reform and repeal the tax altogether.

IEC hopes you'll take into consideration the negative impacts the Proposed Rules would have on family-owned electrical contractors and urges the Treasury Department and Internal Revenue Service to withdraw the Proposed Rules from consideration.

Respectfully,  
Jason E. Todd  
Vice President, Government Affairs  
Independent Electrical Contractors