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July 26, 2013

Steve Rosenthal, Esq.
Staff Director
D.C. Tax Revision Commission
1101 4th Street, SW
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Via First Class Mail and Electronically to steven.rosenthal@dc.gov

Dear Steve:

Thank you and Elisha for meeting with our group of estate planning attorneys yesterday.

We are very appreciative of your reaching out to us and for providing us the opportunity to share with you some of our concerns regarding the District of Columbia Estate Tax and the tax issues we would like to see addressed by the Tax Revision Commission to make the District more competitive with our neighboring jurisdictions of Maryland and Virginia for estate tax purposes.

As we expressed yesterday, the four major issues on which we would like the Tax Revision Commission to focus attention are as follows:

1. The current \$1 million Exemption Amount and whether that amount should be increased to the amount of the Federal Exemption, some amount less than the Federal Exemption Amount, and/or indexed for inflation as provided for the Federal Estate Tax;
2. Provision for a state-only QTIP election, as Maryland has enacted, to shield the “gap” amount (the difference between the DC and Federal exemption amounts) from D.C. Estate Tax upon the death of the first spouse;
3. Correcting the “Bubble” problem of taxing the first \$1 million of a D.C. taxable Estate in excess of \$1 million by providing a credit against the tax on the first \$1 million; and
4. Enactment of a portability provision for the D.C. Estate Tax similar to that for the Federal Estate Tax which would provide that any unused portion of the Exemption Amount available to the estate of the first spouse to die would be available to the estate of the surviving spouse.

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Our group will continue to meet and discuss these issues over the next several weeks and we will provide you our more thorough analysis of each and our reasoning for the changes we feel the Revision Commission should consider by mid-August.

Sincerely yours,



William E. Davis

cc: Richard Franklin, Esq., McArthur Franklin, PLCC
Beth Kaufman, Esq., Caplin & Drysdale
Virginia McArthur, Esq., McArthur Franklin, PLCC
Anne J. O'Brien, Esq., Arnold & Porter, LLP