

3747 Tarrington Place  
White Plains, MD 20695  
January 24, 2005

Mr. Connie Mack III  
Senior Advisor  
Shaw Pittman LLP  
2300 N Street, NW  
Washington, DC 20037

Dear Mr. Mack:

Congratulations upon your appointment as Chairman of the "President's Advisory Panel on Federal Tax Reform". The Panel has a difficult but important task ahead. It is important that our tax laws be simplified and made as fair as possible.

I would like to urge that the Panel not recommend to the Secretary of the Treasury either a flat tax, national sales tax or value added tax. Such a tax would place an unfair burden on low, middle and upper-middle income taxpayers in that they would pay tax on all or most of their income. Upper income taxpayers would pay a disproportionately lower tax rate since much or most of their income would not be spent.

Another adverse effect of a flat tax, national sales tax or a value added tax is that they would have a negative impact on home prices. In 1995 Congressman Dick Armey and Senator Richard Shelby introduced "The Freedom and Fairness Restoration Act". It was a proposal to tax individual taxpayers at a flat 17 percent rate of all wages, salaries, and pensions, after subtracting family allowances. It provided for no itemized deductions including a deduction for home mortgage interest or property taxes.

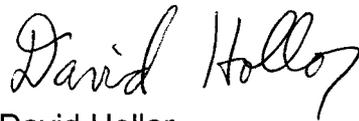
The National Association of Realtors reported that the elimination of the deductibility of home mortgage interest would have a negative effect on home values. An article published on April 1, 1996 in "Realtor Magazine Online" reported:

"The Armey plan's impact, according to DRI: Sharp, (would be an) immediate drop in housing demand because the after-tax cost of housing would rise. Home values and prices would decline by an average of 15 percent, resale's volume by about 19 percent and housing starts by 22 percent, compared with activity projected under current law. Homeowners would suffer an immediate, massive equity loss."

I believe that since the wealthy receive more benefit by being citizens of the United States (in that they have more to lose) provided by the federal government (in the form of homeland security, defense, maintaining a free enterprise environment and maintaining our liberties) that they should shoulder a greater share of the federal tax load. This should include a progressive tax structure.

Thank you for your consideration of my ideas

Sincerely yours,

A handwritten signature in cursive script that reads "David Hollar". The signature is written in black ink and is positioned above the printed name.

David Hollar