



*The Voice of the 1031 Industry*

1255 SW Prairie Trail Parkway  
Ankeny, IA 50023  
Phone: (515) 244-6515  
Fax: (515) 334-1174  
[www.1031.org](http://www.1031.org)  
[www.1031taxreform.com](http://www.1031taxreform.com)

## **Like-Kind Exchanges – Promoting Economic Growth**

1. In enacting the Tax Cuts and Jobs Act, Congress affirmatively decided that like-kind exchanges under IRC Section 1031 should be retained in our tax code for real estate, because they remove friction from business transactions and stimulate significant economic activity.
2. Like-kind exchanges provide strong incentive for capital formation and increased investment for landowners and businesses of all sizes. Like-kind exchanges remove the lock-in effect, taking the government out of the decision-making process. Section 1031 allows taxpayers to make good business decisions without being impeded by negative tax consequences.
3. The stream of economic activity stimulated by like-kind exchanges results in property improvements that benefit communities, increased property values, local transfer and sales tax revenues, and jobs ancillary to the exchange transactions.
4. Like-kind exchanges make the economics work for conservation conveyances of environmentally sensitive lands that benefit our environment, preserve wildlife habitats, and create recreational green spaces for all Americans. Farmers and ranchers depend upon Section 1031 to trade into more productive, less environmentally sensitive land.
5. Like-kind exchanges provide a mechanism for property transactions that bridge 2 tax years. Absent §1031, taxpayers would be forced to acquire replacement property prior to year-end, or be burdened with tax on the Year 1 sale resulting in less equity available for a Year 2 replacement property purchase. This would create a disincentive to engage in real estate transactions during the 4<sup>th</sup> quarter, resulting in tax-driven market distortions.
6. Congress should reinstate Section 1031 for personal property assets. This will be particularly important for assets eligible for temporary expanded or full expensing when those provisions sunset. Section 1031 for personal property should be reinstated if full expensing is not permanently extended.