



The Voice of the 1031 Industry

IRC Section 1031 is a vital and cost effective stimulant to the U.S. economy and should not be repealed or modified.

Recent threats to IRC §1031 Like-Kind Exchanges

Misconceptions about like-kind exchanges have led to the introduction of several detrimental proposals in Congress. Whether calling for a repeal or severe limitation of §1031 and Qualified Intermediaries, these proposals undermine a vital economic tool used by a diverse group of taxpayers that stimulates investment, promotes job growth, and strengthens the economy.

Implications of §1031 repeal

Like-kind exchanges benefit millions of American investors and businesses every year. Section 1031 encourages businesses to expand and keep dollars moving in the U.S. economy. Industry studies report that without the §1031 tax-deferral benefit, small and medium sized businesses would not be able to reinvest in their businesses, real estate values would decline, the U.S. economy would suffer, and enterprises of all sizes would forego opportunities to increase capital investment and grow their businesses.

Will you help prevent a repeal or modification of §1031?

Help educate members of Congress about the critical economic benefits provided by like-kind exchanges. Tell lawmakers that proposals like these should not be passed.

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- **Send a letter;**
- **Learn more;**
- **Ask your clients to do the same.**

Legislative Timeline

2016 FY2017 budget proposal limits deferral of like-kind exchanges for real estate and personal property to \$1 million annually; excludes collectibles and art exchanges.

Discussion draft, "Cost Recovery Reform and Simplification" released in Senate Finance. Depreciation pooling proposal broadens concept of like-kind for personal property, but no apparent role for QIs for covered assets.

House Republican Blueprint for Tax Reform proposes 100% expensing for all personal property assets, including real estate improvements, but not land. Possible offset is elimination of business interest expensing. Likely a diminished role for QIs.

2015 Section 1031 repeal proposed as "pay for" in H.R. 2844 "Keep Our Pension Promises Act" bill. JCT lists §1031 as second largest corporate tax expenditure.

2014 Tax reform paper "Comprehensive Tax Reform for 2015 and Beyond" released in Senate Finance. Section 1031 listed as the third largest corporate tax expenditure.

H.R. 1 "Tax Reform Act of 2014" calls for repeal of §1031. House bill expires but elevates the prospects of repeal.

Joint Committee on Taxation projects tax cost of \$98.6B for retention of §1031 over 5 years. Revenue from a repeal of §1031 estimated at \$40.9B over 10 years.

2013 Senate Finance discussion draft "Cost Recovery and Accounting" calls for repeal.

These Agriculture, Conservation, Real Estate, and Industry Organizations Support IRC Section 1031 Like-Kind Exchanges

- ADISA, Alternative & Direct Investment Securities Assn.
- Agricultural & Food Transporters Conference
- Agricultural Retailers Association
- American Car Rental Association
- American Farm Bureau Federation
- American Farmland Trust
- American Institute of Architects
- American Land Title Association
- American Mushroom Institute
- American Petroleum Institute
- American Rental Association
- American Seniors Housing Association
- American Sheep Industry Association
- American Soybean Association
- American Sugarbeet Growers Association
- Appraisal Institute
- Asian American Owners Hotel Association
- Associated Equipment Distributors
- Associated General Contractors of America
- Association of Equipment Manufacturers
- Association of Manufacturing Technology
- Building Owners and Managers Association International
- CCIM Institute
- Connecticut Bar Association
- Equipment Leasing and Finance Association
- Far West Equipment Dealers Association
- Federation of Exchange Accommodators
- Inland Real Estate Group
- Institute of Real Estate Management
- International Council of Shopping Centers
- Investment Program Association
- International Council of Shopping Centers
- Iowa Farm & Land Chapter #2
- Iowa-Nebraska Equipment Dealers Association
- Iowa-Nebraska Equipment Distributors
- Iowa Soybean Association
- Land Trust Alliance
- Livestock Marketing Association
- Minnesota-South Dakota Equipment Dealers Assn.
- Montana Equipment Dealers Association
- NAIOP, the Commercial Real Estate Development Assn.
- National All-Jersey Inc.
- National Alliance of Forest Owners
- National Apartment Association
- National Association of Home Builders
- National Assn. of Real Estate Investment Trusts
- National Association of Manufacturers
- National Association of REALTORS®
- National Assn. of State Depts. of Agriculture
- National Association of Wheat Growers
- National Automobile Dealers Association
- National Barley Growers Association
- NCBA, National Cattlemen's Beef Association
- National Corn Growers Association
- National Cotton Council
- National Council of Farmer Cooperatives
- National Milk Producers Federation
- National Multifamily Housing Council
- National Peach Council
- National Pork Producers Council
- National Potato Council
- National Renderers Association
- National Sorghum Producers
- National Sunflower Association
- National Tool and Machining Association
- National Turkey Federation
- North American Equipment Dealers Association
- Ohio Equipment Dealers Association
- Peconic Land Trust
- Precision Machined Products Association
- Precision Metalforming Association
- Professional Rodeo Cowboys Association
- Public Lands Council
- Real Estate Board of New York
- The Real Estate Roundtable
- REALTORS® Land Institute
- Society of Industrial and Office REALTORS®
- Southwest Council of Agribusiness
- The Conservation Fund
- The Nature Conservancy
- The Trust for Public Land
- Truck Renting and Leasing Association
- United Egg Producers, Inc.
- United Equipment Dealers Association
- U.S. Apple Association
- U.S. Canola Association
- U.S. Chamber of Commerce
- U.S. Sweet Potato Council
- USA Rice Federation
- Western Growers Association

Learn more at www.1031taxreform.com