



The Voice of the 1031 Industry

**I.R.C. SECTION 1031 IS A VITAL AND COST EFFECTIVE STIMULANT
TO THE U.S. ECONOMY AND TO U.S. JOB CREATION.
SECTION 1031 SHOULD NOT BE REPEALED OR MODIFIED
UNDER TAX REFORM INITIATIVES.**

**103 National, Regional and State Business and Industry Associations
Support I.R.C. Section 1031 Like-Kind Exchanges**

- Agricultural & Food Transporters Conference
- Agricultural Retailers Association
- Air Conditioning Contractors of America
- Alternative & Direct Investment Securities 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 Resort Development Association
- American Seniors Housing Association
- American Sheep Industry Association
- American Soybean Association
- American Sugarbeet Growers Association
- American Trucking Associations
- American Truck Dealers
- Americans for Tax Reform
- Appraisal Institute
- Asian American Hotel Owners Association
- Associated Equipment Distributors
- Associated General Contractors of America
- Association of Equipment Manufactures
- Association of Manufacturing Technology
- Avis Budget Group, Inc.
- Building Owners and Managers Association International
- CCIM Institute
- Connecticut Bar Association
- Equipment Leasing 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
- Iowa-Nebraska Equipment Dealers Association
- Iowa-Nebraska Equipment Distributors
- Iowa Farm & Land Chapter #2
- Iowa Soybean Association
- Land Trust Alliance
- Livestock Marketing Association
- Minnesota-South Dakota Equipment Dealers Association
- Montana Equipment Dealers Association
- NAIOP, the Commercial Real Estate Development Association
- National All-Jersey Inc.
- National Alliance of Forest Owners
- National Apartment Association
- National Association of Home Builders
- National Association of Manufacturers
- National Association of Real Estate Investment Trusts
- National Association of REALTORS®
- National Association of State Departments of Agriculture
- National Association of Wheat Growers
- National Automobile Dealers Association
- National Barley Growers Association
- National Business Aviation Association
- 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 Ready Mixed Concrete Association
- National Renderers Association
- National Sorghum Producers
- National Stone, Sand and Gravel Association
- 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
- Real Estate Roundtable
- REALTORS® Land Institute
- Society of Industrial and Office REALTORS®
- Southwest Carwash Association
- Southwest Council of Agribusiness
- Texas Association of Manufacturers
- The Conservation Fund
- The Nature Conservancy
- The Trust for Public Land
- Truck Renting and Leasing Association
- U.S. Apple Association
- U.S. Canola Association
- U.S. Chamber of Commerce
- U.S. Sweet Potato Council
- United Egg Producers
- United Equipment Dealers Association
- United Fresh Produce Association
- United Producers, Inc.
- USA Rice Federation
- Western Growers Association

November 29, 2016, and August 1, 2016, respectively: The Like-Kind Exchange Stakeholder Coalition, consisting of a diverse range of 25 national associations, wrote the Trump Administration and Chief Ways and Means Tax Counsel, Barbara Angus, urging that current law be retained regarding like-kind exchanges through tax reform efforts.

In summary, the Coalition states: “There is strong economic rationale, supported by recent analytical research, for the like-kind exchange provision’s nearly 100-year existence in the Code. Limitation or repeal of Section 1031 would deter and, in many cases, prohibit continued and new real estate and capital investment. These adverse effects on the US Economy would likely not be offset by lower tax rates. Finally, like-kind exchanges promote uniformly agreed upon tax reform goals such as economic growth, job creation and increased competitiveness.”

June 1, 2016: The following House Ag Committee Members wrote House Ways and Means Chairman, Kevin Brady, urging him to “protect U.S. farmers and ranchers by ensuring the like-kind exchange provision under IRC Section 1031 is not repealed as the Ways and Means Committee continues working toward a comprehensive tax reform package.” A list of signatories to the letter follows:

- Bob Gibbs, Ohio
- David Rouzer, North Carolina
- Steve King, Iowa
- Frank Lucas, Oklahoma
- Ryan Zinke, Montana
- Mike Rogers, Michigan
- Scott DesJarlais, Tennessee
- Doug LaMalfa, California
- Ralph Abraham, Louisiana
- Mike Bost, Illinois
- Randy Neugebauer, Texas
- Vicky Hartzler, Missouri
- Rodney Davis, Illinois
- Rick Crawford, Arkansas
- Dan Benishek, Michigan
- Mia Love, New York
- Tom Emmer, Minnesota
- Dan Newhouse, Washington
- Ted Yoho, Florida

April 15, 2015: Thirty-four of the nation’s foremost farm and agricultural associations wrote members of the Senate Finance Committee stating: “Without a 1031 exchange some producers would need to incur debt or delay necessary improvements in order to maintain their operations. Previous tax reform discussions called for elimination of 1031 Like-Kind Exchanges and this is something we strongly oppose.”

January 5, 2016: Op-Ed from U.S. Rep. Steve Stivers was published in response to ongoing proposals to repeal or limit Section 1031. The following is an excerpt from the Op-Ed:

Raising Taxes on Property Exchanges Would Kill Jobs, Raise Rents, Deepen Debts: “There are many good ideas for pro-growth, pro-job, pro-family tax reform. But Congress should reject one scheme that keeps coming up: taxing like-kind exchanges,” says U.S. Rep. Steve Stivers. “Tax reformers from both parties want to reduce taxes while closing loopholes and broadening the base. But repealing like-kind exchanges is the wrong way to do the right thing.” *The Hill*, January 5, 2016.

February 9, 2016: The Obama Administration released its FY2017 budget expanding its proposed \$1 million annual limit on deferral of gain to exchanges of all §1031 eligible assets, and continued to propose elimination of art and collectibles exchanges. Previous proposals in the FY2015 and FY2016 budgets sought to limit deferral only for exchanges of real property.

December 16, 2014: The following 25 national associations wrote President Obama urging him to omit this proposal:

- American Farmland Trust
- Asian American Hotel Owners Association
- Alternative and Direct Investment Securities Association
- American Land Title Association
- American Senior Housing Association
- Building Owners and Managers Association International
- CCIM Institute
- Federation of Exchange Accommodators
- Inland Real Estate Group
- Institute of Real Estate Management
- International Council of Shopping Centers
- Investment Program Association
- Land Trust Alliance
- NAIOP
- Commercial Real Estate Development Association
- National Apartment Association
- National Association of Home Builders
- National Association of Real Estate Investment Trusts
- National Association of REALTORS®
- National Multifamily Housing Council
- Peconic Land Trust
- Real Estate Round Table
- REALTORS® Land Institute
- The Conservation Fund
- The Nature Conservancy
- The Trust for Public Land

Some highlights from the letter: “The revenue proposal to limit the deferral of gain on real property like-kind exchanges, if enacted, would undermine the functioning of the real estate marketplace, reduce capital investment, and discourage job-creating property improvements and land conservation efforts.”

“Allowing capital to flow more freely among investments encourages commerce, and supports economic growth and job creation...”

“Federal like-kind exchange rules positively affect local government budgets since more frequent turnover of real estate generates significant property tax and recording fees, as well as property reassessments that increase the property tax base.”

“Section 1031 is often a critically important means of facilitating conservation real estate transactions involving open spaces and/or significant environmentally sensitive properties that may be exchanged for other privately held property.”

“...our current like-kind exchange rules generate broad economic and environmental benefits that serve the public interest.”

November 21, 2013: The Senate Finance Committee (SFC) released a staff discussion draft on proposed reforms to cost recovery and tax accounting rules, in which Section 1031 like-kind exchanges were targeted for repeal.

The SFC invited comments relating to the goals of business tax reform. In response, 44 national, regional and state business and industry associations submitted comments in support of Section 1031 and/or opposing the SFC's call for repeal of Section 1031.

February 24, 2014: House Ways and Means Chairman Dave Camp released draft legislation to reform the tax code and Section 1031 was targeted for repeal.

Following is a sampling of public commentary from the many associations in favor of Section 1031:

“Deferral of gain on like-kind exchange is a bedrock principle of our tax policy and nearly as old as income tax itself.”

“The roll-over of gain on like-kind exchanges ensures a well-functioning, dynamic, and efficient U.S. real estate market... Allowing capital to flow more freely among investments is critical to facilitate commerce and support economic growth and job creation...”

“Like-kind exchanges generate tax revenue for federal, state, and local governments and facilitate land conservation efforts... Like-kind exchanges result in smaller depreciation deductions for the taxpayer going forward.”

“Substituting a “similar use” concept for like-kind exchange rules would violate tax neutrality and weaken the real estate market... [A] “similar use” rule would reduce liquidity in the real estate market, make real estate development more costly, and reduce the likelihood that real property will undergo the improvements and upgrades that often occur when new owners take over the property.”

American Farm Bureau Federation: “Using like-kind exchanges, active farmers and ranchers are able to combine acreage, acquire higher grade land and consolidate parcels into contiguous plots. Agricultural equipment transactions are undertaken to acquire new machinery that is more technologically advanced or better suited for their operation. Without like-kind treatment, cash-strapped farmers and ranchers are more likely to defer expanding the business and to delay updating their equipment.”

U.S. Chamber of Commerce: “The Chamber welcomes the continuing discussion on tax reform, however, has significant concerns about the Draft Proposal, which concerns are articulated below.”

National Association of Manufacturers: “A number of manufacturers have captive finance arms to facilitate and support sales and leasing transactions with their customers, and in some cases, to enable sales where financing might otherwise be difficult to obtain. The captive finance arms use LKEs to reduce tax gains and thus, financing costs, enabling them to provide competitive financing for customers. The program provides dual benefits to both the lessor and the lessee. LKEs help ensure leasing is a viable, affordable option for customers. The proposed repeal of LKE would decrease cash flows and increase lending costs, which in turn decreases the ability to compete for sales and jobs in U.S. manufacturing.

Comments from a Joint Response by:

- American Rental Association
- Associated Equipment Distributors
- Association of Equipment Manufacturers
- AMT – The Association for Manufacturing Technology
- Far West Equipment Dealers Association
- Federation of Exchange Accommodators
- Iowa-Nebraska Equipment Dealers Association
- Iowa-Nebraska Equipment Distributors
- Mid-America Equipment Retailers Association
- Minnesota-South Dakota Equipment Dealers Association
- Montana Equipment Dealers Association
- National Automobile Dealers Association
- National Tooling and Machining Association
- North American Equipment Dealers Association
- Ohio Equipment Dealers Association
- Ohio-Michigan Equipment Dealers Association
- Precision Machined Products Association
- Precision Metalforming Association
- Truck Renting and Leasing Association

“We wish to restate objections... regarding the impact of like-kind exchange repeal...Our organizations represent companies that sell, use, rent, service, lease and manufacture construction, farm, forestry, transportation and mining equipment... IRC Section 1031 is neither a loophole nor a tax savings vehicle, but rather a powerful economic engine that promotes capital investment, improves business productivity and creates jobs. Tax-deferred exchanges are one of the few incentives available to, and used by, taxpayers of all sizes in all sectors of the economy. The non-recognition exchange policy is premised on the “continuity of investment” and ensures that a taxpayer who continues with the same qualifying investment, with no intervening receipt of cash, is left in the same tax position as if the relinquished asset was never sold. By deferring the tax consequences associated with replacing outdated equipment, LKE helps businesses invest in newer, more efficient and more environmentally-friendly machinery.”

Associated Equipment Distributors: “...we estimate that approximately a quarter of our members have LKE programs in place to manage their rental fleets. The tax liability associated with selling a fully depreciated asset acts as a disincentive to purchase newer, more efficient machinery. By allowing companies to defer that tax liability if they buy a new machine to replace the old, LKE frees up resources that make the capital investment possible.”

Asian American Hotel Owners Association: “This provision provides tremendous benefit not only to hoteliers, but also to the communities in which our members live and work. Section 1031 exchanges allow hotel owners to have more available capital to invest in additional properties, which then increases economic development within the community, boosts the tax base and results in the creation of more jobs.”

National Association of Real Estate Investment Trusts: “Section 1031 is at the very essence of how the commercial real estate industry creates jobs, supplies needed investment in communities, meets consumer demands and increases property values.”

Iowa Soybean Association: “ISA President Mark Jackson, who farms near Rose Hill, said countless members have used it for land, conservation, equipment and other transactions.”

Iowa Farm & Land Chapter #2 REALTORS® Land Institute: In a 2013 survey, the members of the Iowa Realtors Land Institute estimated that if Section 1031 were repealed, land transactions would drop by nearly 30%, with many opining that repeal would be highly negative to the Iowa and agricultural economies.



The Voice of the 1031 Industry

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PRESS REGARDING I.R.C SECTION 1031 AND THE PROSPECT FOR REPEAL OR MODIFICATION

Keeping Property Exchanges Out of the Crosshairs: “Deferring the gain recognition in an exchange removes the lock-in effect, takes the government out of the decision-making process, and permits taxpayers to engage in opportunistic transactions that make good business and investment sense, without fear of negative tax ramifications.” *Land Investor*, September 5, 2017.

\$8 Billion Reasons to Save Key Tax Deferral from Reform Ax: “Exchanges help provide an economic stimulus for our nation. Removing that stimulus would cost our nation upwards of \$8 billion annually, according to a 2015 study by the accounting firm Ernst & Young LLP.” *The Hill*, August 18, 2017.

Sam Zell to Maria Bartiromo - 1031 Creates Incentive to Sell: Sam Zell discussed with Fox Business host Maria Bartiromo the importance of retaining 1031 exchanges. Zell, the Chairman and founder of Equity Group Investments, stated, “1031 exchanges are a major rule that incentivizes taxpayers to sell.” Without 1031 exchanges, Zell said, “I’d never sell low basis properties.” *Fox News: Mornings with Maria*, August 15, 2017.

Like-Kind Exchanges Fuel the Economy and Job Growth: “If this provision is limited or removed, the impact would be counterproductive to the GOP goal of tax reform, [resulting in] less growth, fewer jobs, and, ultimately, less tax revenue for the federal government.” *RIS Media*, July 16, 2017.

CRE Industry Turns Up Heat on Congress to Retain Like-Kind Exchange, Interest Deductibility: “While like-kind exchanges may sound like an unwarranted tax giveaway that doesn’t benefit average people, ‘that simply isn’t the case,’ noted Rep. Steve Stivers (OH). Stivers added that the provision is available to small business and individuals as well as major investors. ‘In the vast majority of circumstances, those capital gains taxes will eventually be paid,’ Stivers said. ‘A 1031 exchange simply allows someone to defer the tax while they continue making valuable investments for themselves and the broader economy. What that means is people can choose for themselves to reinvest in their business and community rather than worry about getting sideswiped by a tax bill at the end of the year.’” *CoStar News*, July 13, 2017.

Help the Economy by Keeping the Like-Kind Exchange: “The manufacturers of equipment that builds our infrastructure like bulldozers and excavators, the dealers who sell them, and the builders who put them to use rely on this essential part of the tax code to help grow their businesses.” *St. Louis Post-Dispatch*, July 11, 2017.

Encouraging Small Business Growth and Paying Taxes: “‘As the backbone of the nation’s economy, small-business owners and farmers like me know what it takes for small businesses to thrive, and how — contrary to popular perception — government can help,’ said fifth-generation farmer, Judd Vande Voort. ‘The opposite of a Washington-run program, like-kind exchanges wisely replace mandates from bureaucrats with locally focused and customized marketplace solutions.’” *The Cedar Rapids Gazette*, July 9, 2017.

1031 Like-Kind Exchanges are Under Fire. Again: “If legislators see the elimination of 1031 as ‘a quick injection to the government of [\$41 billion] of additional tax money,’ they risk the long-term consequences of reduced growth, loss of jobs and a hit to the overall economy.” *Financial Advisor*, June 29, 2017.

Tax Reform is a Noble Goal – But Hands off Like-Kind Exchanges: “For Congress and the White House the next step is clear and obvious: like-kind exchanges work just as they always have. Putting such a continuous circle of economic stimulus and liquidity at risk threatens adverse consequences, with far too little offered in return.” *Crain’s Chicago Business*, June 9, 2017.

Tax Reform that Kills Like-Kind Swaps a Red Flag for Farmers: “There are all kinds of reasons why farmers do like-kind exchanges for land, many of which improve business operations,” said Pat Wolff, senior director of congressional relations at the American Farm Bureau Federation. *Bloomberg BNA*, June 1, 2017.

Advocates Aim to Preserve Like-Kind Exchange in Tax Reform: “Diana Furchtgott-Roth of the Manhattan Institute argues that repealing Section 1031 would be bad tax policy and result in less investment. ‘If lawmakers are considering many ways to increase growth, such as expensing, why would they repeal Section 1031?’ she asked.” *Tax Notes*, May 8, 2017.

Keep Commercial Real Estate Tax Incentive: “There’s an old saying, ‘If it ain’t broke, why fix it?’ This adage is especially true when it comes to a well-functioning tax code, such as Section 1031 exchanges.” *Elko Daily Free Press*, April 20, 2017.

Saving the 1031 Exchange: “It would be catastrophic and foolish to [do tax] reform at the expense of the 1031 exchange, which benefits millions of people on an annual basis.” *American Thinker*, April 2, 2017.

1031 Exchanges Endangered: “Grover Norquist, founder and president of Americans for Tax Reform, is sounding the alarm on the potential repeal of one of the most valuable tools available to those who invest in land and real estate. The whole point of tax reform is to encourage growth, which is precisely what Section 1031 accomplishes. ‘We don’t want to be making capital gains taxation more onerous in any way,’ says Norquist.” *The Land Report*, Spring, 2017.

Republican Tax Reform May Oust Section 1031: “In my law practice, I’ve had regular occasion to walk clients through exchange transactions. In these instances, I’ve found like-kind exchanges to be an exceptionally valuable tool for farmers and landowners. In the end, Section 1031 removes the scenario of being ‘tax locked.’ Section 1031 is one area of tax law that works well and is used by many farm families.” *Wallaces Farmer*, January, 2017.

Republicans May Change Tax Code to Make Property Swaps Less Attractive: “Loss of the ability to use an exchange would be a significant blow to ‘Mom and Pop’ and other small-scale realty investors If you own an investment real estate and have contemplated a Section 1031 exchange, be aware: There’s a significant possibility the tax revisions could knock your plans off track.” *The Washington Post*, January 25, 2017.

Tax Reform Could Knock Your Real Estate Investment Plans Off Track: “Loss of the ability to use an exchange would be a significant blow to mom-and-pop and other small-scale realty investors. According to a study posted on the website of the National Rental Home Council, there were 15.7 million rental homes in the U.S. as of 2015, and 99 percent of them were owned by non-institutional investors. A study by professors at the University of Florida and Syracuse University estimated that most exchanges involve relatively small properties; in 2011, 59 percent had a sale price of less than \$1 million.” *The Chicago Tribune*, January 24, 2017.

Section 1031 Like-Kind Exchanges: Current Threats to a Hundred Year Old Tax Tool: “Recent economic impact studies have quantified that either eliminating or restricting like-kind exchanges would increase the cost of capital, slow the rate of investment, lower property values and reduce transactional activity, resulting in economic contraction of up to \$13.1 billion annually.” *Terra Firma Magazine*, January 14, 2017.

Like-Kind Exchanges Should Be Preserved as Part of Any Tax Reform Plan: “Next year, tax reform will be on the agenda and Congress must consider whether to repeal, preserve, or expand many sections of the tax code. One provision that should be preserved or expanded is section 1031 like-kind exchanges. This section of the code compliments the goals of tax reform by allowing taxpayers important investment flexibility that encourages stronger economic growth.” www.ATR.org, December 6, 2016

Small Businesses Need Smart Tax Policies: “Small businesses depend on America’s free flow of capital The like-kind exchange encourages reinvestment in assets produced by American small and medium sized businesses and manufacturers Repealing like-kind exchanges will have disastrous effects on the entire business community, but especially U.S. small and medium sized businesses.” *The Houston Chronicle*, November 2016.

Like-Kind Exchanges are a Model for All Capital Gains: “Until we abolish the capital gains tax within businesses, lawmakers should keep Section 1031 because it reminds us of how moving in the right direction creates jobs, increases national income and wealth. We should expand and enlarge, not repeal this provision.” www.ATR.org, June 21, 2016.

Raising Taxes on Property Exchanges Would Kill Jobs, Raise Rents, Deepen Debts: “There are many good ideas for pro-growth, pro-job, pro-family tax reform. But Congress should reject one scheme that keeps coming up: taxing like-kind exchanges,” says U.S. Rep. Steve Stivers. “Tax reformers from both parties want to reduce taxes while closing loopholes and broadening the base. But repealing like-kind exchanges is the wrong way to do the right thing.” *The Hill*, January 5, 2016.

Proposal to End Popular Tax Exemption Draws Scrutiny: “In a recent National Association of Realtors (NAR) survey, 40 percent of Realtors said they had been involved in transactions that would not have occurred if it weren’t for the 1031 exchange. Fifty-six percent said they had been involved in projects that would have been smaller in scale absent the 1031 exchange provision. NAR’s survey found that each like-kind exchange created between 10 and 35 new jobs Projects that moved forward with the help of a 1031 exchange helped reduce overall financial leverage, while driving investment and economic development in a range of communities.” *Scotsman Guide*, January 4, 2016.

A Recipe for Disaster - Eating the Seed Corn – Congress Proposes Repealing Section 1031: “Everyone understands that ‘eating your seed corn’ is a really bad idea. But the U.S. Congress, ever tempted by a (tax) free lunch, is contemplating the repeal of Code Section 1031, a provision that serves as the economic seed corn for a huge portion of the U.S. economy.” *Banker and Tradesman*, November 22, 2015.

Shopping Center Investors Nervous Over 1031 Repeal: “A proposal to gut 1031 exchanges of their tax advantages is making shopping center investors nervous. ‘When you look at the stated goal of Congress in regard to tax reform, the general theme is to create a more efficient, growth-oriented tax structure,’ said Keith Lampi, President and COO of Chicago-based Inland Private Capital Corp. ‘So reform through repeal of 1031 is an oxymoron — you take that provision away and property owners would hang onto properties longer, it would freeze liquidity in the marketplace and in general have a negative effect on the real estate industry.’” *Shopping Centers Today*, September 17, 2015.

Securities Survey Shows Scrapping 1031 a Danger to the Economy: “According to the Ling and Petrova [economic study], eliminating real estate exchanges in markets where marginal investors expect to use an exchange, commercial real estate prices will decline between 8 percent and 17 percent in markets with moderate taxes, and between 22 percent and 27 percent in high tax states and markets. Rent increases are estimated at approximately eight percent to 20 percent in moderately taxed markets, and between 28 percent and 38 percent in highly taxed markets.” *Real Estate Weekly*, September 2, 2015.

Repeal Would do Little Good, Much Harm in Real Estate: “The study from David Ling and Milena Petrova ‘demonstrates how critical like-kind exchanges are to the health and vibrancy of real estate activity in the United States,’ says the Real Estate Roundtable’s Jeffrey DeBoer.” *Globest.com*, July 16, 2015.

CRE Industry to Congress: You Can Take Back 1031 Exchange When You Pry Them From Our Cold, Dead Hands: “‘We haven’t found anybody in Congress that once they see the data, believes we should eliminate 1031 exchanges,’ said John Harrison, chief executive officer and executive director of the Alternative & Direct Investment Securities Association (ADISA). ‘This is no loophole; it’s a major boost for the economy.’” *CoStar News*, July 15, 2015.

Media Covers New Economic Study and Survey Reports: Several articles were published following the release of the Ling and Petrova Microeconomic Study and NAR Survey Results.

Like-Kind Exchange Repeal Would Hurt Real Estate Investors, *Bloomberg BNA*, July 9, 2015.

1031 Exchanges Lauded by Real Estate Studies, *San Diego Source*, July 9, 2015.

Like-Kind Exchanges Support Lower Rents, Says NMHC, *Multi-Housing News*, July 10, 2015.

Like-Kind Exchange Repeal Study Assesses Impact on Real Estate, *Tax Notes*, July 10, 2015.

Like-Kind Exchanges in Real Estate Support Financial Growth and Economy, *DS News*, July 10, 2015.

Move Afoot to Block Repeal of IRS Section 1031: “Without the tax deferral benefit, reinvestment by small and medium-sized businesses and investors would be inhibited. The economy could suffer as a result.” *Desert Valley Times*, June 24, 2015.

How Like-Kind Exchanges Make the IRS Rich: “Like-kind exchanges encourage smart reinvestment in assets, increase tax revenues, and are good for all U.S. taxpayers. Section 1031 exchanges are particularly good for the IRS as they spur economic growth and encourage owners to upgrade assets, generating greater tax income from greater tax basis Rather than abolishing Section 1031, Uncle Sam should emulate it.” *Banker and Tradesman*, May 18, 2015.

The Great Exchange – How 1031 Exchanges Affect Local Markets: “Colliers International Senior Vice President, Rob Martensen, says ‘I don’t need to do the research to know that if 1031 were not allowed anymore, it would have a major impact on the economy. If the law did get repealed, it would be devastating.’” *AZ Big Media*, May 24, 2015.

Congress Eyes Killing 1031 Capital Gain Exchanges: “The idea [eliminating 1031] would have terrible consequences. While comprehensive tax reform is a worthy pursuit and lower tax rates are a tempting proposition for Congress, the opportunity cost and fallout of repealing Section 1031 would be the loss of a valuable economic driver that increases the velocity of the overall economy through increased transactional activity. There is nothing else quite like it in the Code.” *Oregon Business Report*, April 23, 2015.

Congress Pondering 1031: The potential repeal of like kind exchanges jeopardizes landowners and other investors. *The Land Report*, Spring 2015.

Why Pro-Growth Tax Reform Must Preserve Like-Kind Exchanges: One of the most notable provisions at risk [with tax reform] – like-kind exchanges – empowers both businesses and individual property owners to roll over their capital gain into new investments that spur economic activity across the country Sen. Johnny Isakson (R-Ga.) recently noted that most lawmakers do not fully comprehend the potential impact of limiting like-kind exchanges. *The Hill*, February 24, 2015.

Taking 1031s Off the Table Would Have an “Atomic Bomb” Effect: Federal tax reform could have disastrous effects on [New York City’s] real estate market if it shakes things up too much, industry players said this morning 1031 exchanges, also known as like-kind exchanges, are crucial to the market’s health. “If there was ever an issue with 1031s being taken out of this market, it would have an atomic-bomb kind of effect.” *The Real Deal*, February 23, 2015.

Real Estate Groups Building Protections for Tax Break: “In any given year, over a quarter of a million U.S. taxpayers use like-kind exchanges to reinvest capital and grow their businesses Every time policymakers have looked closely at this issue, they have concluded that like-kind exchanges buttress economic growth and should be preserved.” *Congressional Quarterly*, January 29, 2015.

Reform Proposal Would End Farmer-Friendly 1031 Exchanges: “Don’t just associate tax reform with stimulated growth. The 1031 is the lifeblood of investment.” Some analysts have estimated that as many as 30 percent of real estate transactions could be eliminated if the 1031 [exchange] goes away. *Iowa Farmer Today*, January 28, 2015.

Real Estate Industry Supports 1031 Exchanges: “The Senate Finance Committee is considering a repeal of Internal Revenue Code Section 1031... Local commercial real estate agents say like-kind exchanges stimulate the economy Without it, sellers would be far more reluctant to sell their properties It is estimated by one expert that 1031 exchanges are implicated in 30 percent of all transactions... If 30 percent of all transactions went away, what would that do to the economy?” *The Hampton Roads Business Journal*, September 12, 2014.

Capitol Perspective: The real estate industry comprises over 20% of our economy and I believe Congress must create policies to grow this sector,” says U.S. Rep. Steve Stivers Impending tax reform proposals may have significant ramifications for commercial real estate owners and investors. “The most important thing CCIM members can do [to inform their congressional leaders] is to explain the role taxes play in the decision- making process for their clients,” Stivers says. “For example, what effect would eliminating like-kind exchanges have on developers’ ability to assemble land?” *CIRE Magazine*, July/August, 2014.

Politics and Commercial Real Estate: Something else must appear on our radar screens: tax reform. On a federal level, it could have a more profound impact on our commercial real estate market than anything else Most important, particularly for the sales market, 1031 exchanges may be jeopardized, which would throw the marketplace into a deep freeze. *The New York Observer*, June 17, 2014.

Tax & Spend Is About to Hit Real Estate Investment Hard: This year there are some alarming discussions in Congress directly targeting the 1031 Exchange used by real estate investors to postpone capital gains taxes on real estate transaction profits... Congress has no fewer than three different proposals being discussed right now, and all of them either completely do away with the 1031 Exchange or do enough damage to it that real estate investment activities will plummet in the future. *Huffington Post*, June 12, 2014.

1031 Like-Kind Exchanges - An Exceptional Tool for Real Estate Investors: For nearly a century, Congress has recognized that investment real property ownership and investment should be promoted and taxpayers should not be held hostage out of the fear of the tax consequences of selling The proposals for repeal of Section 1031 have the potential to have a devastating impact on the real estate market and the larger overall economy. *Acquire Magazine*, May, 2014.

Tax Reform Not Simple: “Uniformly, farmers and ranchers use 1031 to acquire higher grade parcels, consolidate tracts, move tracts closer to home, etc Losing that option would eliminate their ability to exchange out of ag assets into non-ag assets to diversify or retire with a different type of real property asset More farmers than ever are going into commercial assets given farm values appear to be at their peak for now.” *DTN/Progressive Farmer*, February 27, 2014.

Sacred Cows Targeted – Tax “Simplification” Sends Ag Shivers: “[Section 1031] mitigates terrible taxes and perpetuates land ownership . . . [transactions] really wouldn’t happen if someone had to pay immediate capital gains taxes because that could reduce funds for their second investment by half.” *DTN/The Progressive Farmer*, February 20, 2014.

A Disconcerting Proposal from the Senate: Proposed Repeal of Section 1031: “Repealing Code Section 1031 might well cause many real estate investors to hold property longer . . . which undoubtedly would slow down the pace of real estate development on a national scale.” *JDSupra Business Advisor*, February 10, 2014.

Unsettling Time for Real-Estate Owners and Investors: “. . . Senate tax writers’ reform-bill proposals for real estate should be unsettling for anyone owning residential investment property, such as rental houses . . . Senate Finance Committee Chairman Max Baucus would terminate . . . tax deferred exchanges under Section 1031.” *The Seattle Times*, December 14, 2013.

Tax Reform Could Hit Real Estate Owners and Investors: “Under Baucus’ plan, mom-and-pop real estate investors – people who’ve purchased a small portfolio of rental houses or condos – could be hit hard. Besides the depreciation deduction stretch-out, the inability to exchange properties tax-free for others of similar or greater value would put a severe crimp on their ability to grow and manage their investments over time.” *The Hartford Courant*, December 14, 2013.

Tax Reform Targets Include 1031 Property Exchanges: Eliminating capital gains tax deferral on like-kind property would chill real estate investment markets, say critics of the Senate Finance Committee proposal. “Whoa. Don’t throw out the 1031 baby with the nasty tax code water . . . Without a tax deferral, many sellers won’t sell.” *News OK*, December 14, 2013.

1031 Exchanges Benefit Farmers, Iowa: “It’s a critical issue not on folks’ radar . . . If [1031] goes away, farmers will be stunned at the impact.” *Iowa Soybean Association Gold Standard*, June, 2013.

A Concern that Congress Could Derail Real Estate Recovery: “Elimination of Section 1031, which was first established in 1921, would prompt property owners to take their real estate off the market for fear of the tax consequences.” *Des Moines Business Record*, March 20, 2013.

Tax-Deferred Exchanges of Farmland Provide Valuable Savings to Some Farmers: “By allowing farmland owners to defer payment of taxes on capital gains – which can be significant on land that has been owned for many years – farmers who sell land and use the proceeds to purchase other property can often increase their net worth, reduce borrowing costs, and expand the size of their operations.” *Amber Waves*, September, 2011.



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