



The Voice of the 1031 Industry



An Update from the FEA Government Affairs Committee

February 2016

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GOVERNMENT AFFAIRS UPDATE

Brent Abrahm, Suzanne Goldstein Baker, Max Hansen, Chairs

FY 2017 Federal Budget Proposed; Includes Section 1031 Limitations

Released Tuesday, the White House's FY 2017 Budget includes a limitation of gain deferral from like-kind exchanges to \$1 million per taxpayer per year and would make art and collectibles ineligible for exchanges. Unlike the Administration's FY 2016 proposal, the deferral limitation in the FY 2017 budget is not restricted to real estate exchanges; it also covers personal property exchanges. The estimated revenue generated by the change is \$47.3 billion over ten years and is significantly higher than the FY 2016 estimate of \$19.5 billion, due to the inclusion of personal property gain in excess of \$1 million. The Administration's estimate of revenue from the limitation is more than the Joint Committee on Taxation's estimated revenue from a full repeal, as proposed in the bill sponsored by former House Ways and Means Committee Chair Dave Camp (R-Mich.) in 2014. That estimate was \$40.9 billion over ten years.

Additionally, the Administration's FY 2017 Budget proposes to raise the capital gains rate to 28%.

[Download the White House FY 2017 Budget Document, "Analytical Perspectives" here.](#) (See page 179/193 in PDF.)

[Download the proposal explanation in "General Explanations of the Administration's Fiscal Year 2017 Revenue Proposals"](#) (See page 107/118 in PDF.)

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**Thank You to Our
1031 PAC Donors**

Thank you PAC donors! The FEA
1031 PAC is a vital part of our
strategy to influence Congress to
keep 1031 exchanges.

*For information on how to make a
personal PAC contribution, please
contact Naomi Weitzel
at naomi.weitzel@cdec1031.com*

Register Today

[FEA Mid-Year Conference and
Advocacy Day](#)
**March 15-16, 2016
Washington, D.C.**

Save the Date!

**FEA 2016 Annual Conference
September 14 - 16, 2016
Las Vegas, Nevada**

Affiliates First

**FEA thanks our Affiliate Members
for their support, and in return,**

The co-chairs of the GAC along with the FEA Executive
Committee and W&J will discuss strategies to combat this
proposal. The national 1031 Coalition is also concerned with
the Administration's Budget proposal, which is slated to be the
main topic for the next meeting later this month.

GAC Activity

Washington State

In Washington State, Dennis Helmick, Mary Foster, Malcolm
Harris, and Ally Magnano, a lobbyist for Fidelity National
Financial, testified before the Washington House Committee on
Business and Financial Services as the Legislature considered
Bill HB 2916, which would have required licensing for exchange
facilitators in the state. Filip Holbrook also attended the hearing
in Olympia, WA. The FEA took the position that the licensing
regime proposed by the Bill was onerous and would result in
problems for taxpayers seeking to make a like-kind exchange.
Bill HB 2916 was reviewed and was not passed out of
committee. We are happy to report that it is dead for this
legislative session. A big thank you to all on the GAC Washington
subcommittee for their successful efforts on this issue.

This legislative activity does not affect the existing Washington
Exchange Facilitator Law, the requirements of which are still in
effect.

California

Suzanne Goldstein Baker, Max Hansen, John Wunderlich,
Jennifer Keen, Javier Vande Steeg, Stephanie Recker and Josh
Pena attended a meeting with California Board of Equalization
Member Diane Harkey on Feb 9, 2015. The Board of
Equalization is the reviewing authority for the California
Franchise Tax Board. The FEA representatives discussed
problems confronted by QIs related to Franchise Tax Board
withholding, and the need for guidance to improve the process
and increase efficiency and fairness for all parties. Member
Harkey has a real estate background. She is very aware of the
importance of Section 1031 to California and is supportive of
our suggestions and committed to working toward
improvements to the process to make California a more
business-friendly environment.

Separately, the FEA sponsored a fundraiser for Member Harkey.
Thanks to all who contributed to the fundraiser, and who
participated in the policy meeting.

Suzanne had a good conversation with Ciro Immordino, an
attorney with the FTB about the same need for guidance and
process improvements.

FEA members are encouraged to support our Affiliate Members.

[Affiliates First Webpage](#)

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National

David Franasiak and his colleagues at Williams and Jensen recently attended events at which he had the opportunity for meaningful conversations with Senators Richard Burr (R-NC), John Cornyn (R-TX), Pat Roberts (R-KS), Dean Heller (R-NV) and Representative Kristi Noem (R-SD) regarding Section 1031.

The FEA released two new FEA whitepapers this month. The first, on the use of 1031 exchanges for Conservation purposes, was co-written by Max Hansen and David Brown. The second covers the economic impact of Section 1031 on the overall economy.

Download the new whitepapers here:

[Conservation Benefits from IRC Section 1031 Like-Kind Exchanges](#)

[Economic Impact of IRC Section 1031 Like-Kind Exchanges - Clearing Misconceptions and Setting the Facts Straight](#)

Advocacy at FEA 2016 Mid-Year Conference

Register Today for March 15-16, 2016

The FEA 2016 Mid-Year Conference and Advocacy Day is coming up March 15-16, 2016. As you've heard, the lineup of conference speakers is exciting. A day of Hill visits with members of Congress is planned for the second day.

To start the day, on March 15th, IRS speakers Stephen J. Toomey & J. Peter Baumgarten, Office of the Associate Chief Counsel, Income Tax & Accounting will build a session around our questions. Additional speakers throughout the day on the 15th will discuss cyber fraud, good ways to promote the industry through social media, and the IRS process. Hear it from the experts!

On Wednesday, March 16th, attendees will speak with members of Congress and their staff at scheduled legislative meetings. Show your legislators how Section 1031 like-kind exchanges benefit you, your clients, and taxpayers in your area. Williams and Jensen will coordinate legislative meetings. [Register](#) by February 19, 2016 for the early bird rate.

Please email your questions and topic suggestions for IRS speakers Stephen J. Toomey & J. Peter Baumgarten, Office of the Associate Chief Counsel, Income Tax & Accounting to Lynn Harkin at director@1031.org.



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Haven't signed up for the conference yet? [Register here](#) for the conference and legislative meetings.

Affiliates First

FEA Recognizes Affiliates First on Website

Use an FEA Affiliate Member to assist you with your business. Check out the [FEA Affiliate Members page](#) dedicated to our affiliate partners at 1031.org. Find a list of Affiliate Members in alphabetical order by company, with their key contacts listed.

(Be sure to login first to click on a company name to see more details about that member company.)

[Visit the Affiliates First page on www.1031.org](http://www.1031.org)

Affiliate Member Spotlight



Capitol One Bank

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Capital One Financial Corporation (www.capitalone.com) is a financial holding company whose subsidiaries, which include Capital One, N.A., and Capital One Bank (USA), N.A., had \$210.4 billion in deposits and \$306.2 billion in total assets as of March 31, 2015. Headquartered in McLean, Virginia, Capital One offers a broad spectrum of financial products and services to consumers, small businesses and commercial clients through a variety of channels. Capital One, N.A. has branches located primarily in New York, New Jersey, Texas, Louisiana, Maryland, Virginia and the District of Columbia. A Fortune 500 company, Capital One trades on the New York Stock Exchange under the symbol "COF" and is included in the S&P 100 index.

Contact: Erica Wolfe, Erica.Wolfe@capitalone.com

About the FEA Government Affairs Committee

The FEA Government Affairs Committee monitors legislative and regulatory activity, regularly meets with and provides commentary to the IRS, House Ways and Means Committee, Senate Finance Committee, and state and federal legislators. It proactively responds to legislative and regulatory initiatives at both the state and federal levels and advocates on behalf of the FEA and consumers. The GAC has provided input to state legislatures and regulatory agencies that shaped their approach to the licensing and regulation of exchange professionals and influenced state taxation and procedures for exchange

transactions. GAC activities are led by co-chairs Brent Abrahm, Suzanne Goldstein Baker, and Max Hansen, working closely with our lobbying partners at Williams & Jensen.

The GAC is grateful for the vigilance of our members. If you become aware of any 1031 legislative or regulatory activity in your state, please contact one of the GAC co-chairs.

The commitment and perseverance of FEA members, the Government Affairs Committee, and our volunteer leaders have made the FEA The Voice of the 1031 Industry.

Federation of Exchange Accommodators

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