



The Voice of the 1031 Industry



An Update from the FEA Government Affairs Committee

May 2015

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GOVERNMENT AFFAIRS UPDATE

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FEA Early Intervention Advocacy Strategy Lays the Foundation for Success

"If you are not at the table, you're on the menu," a BNA article quotes Ray Beeman, a former tax restructuring advisor to then-House Ways and Means Committee Chairman Dave Camp (R-Mich.). "[Tax reform] work is continuing every day. It's important to be involved," he said.

A recent report on the current politics of tax reform by global accounting and tax consulting firm Deloitte said that **"stakeholders who fail to come to the table risk being left out of the discussion—or even worse, finding themselves poorly positioned when Congress decides which tax preferences to reduce or eliminate."**

The FEA leadership is living by this philosophy, advocating with and educating legislators to keep a repeal of Section 1031 out of any tax reform legislation. The FEA strategy of early involvement in tax reform discussions lays the foundation for success for our industry's legislative goals. This strategy is supported and validated by former Hill aides in the April 28, 2015 BNA article, **"Active Tax Overhaul Discussions Continue Even as Time Shrinks, Former Hill Aides Say."**

The threat of a repeal of Section 1031 is real. Although a repeal proposal has not progressed to law, **the preventive work must be**

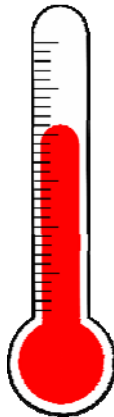
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FEA PAC Update



**2015 FEA PAC
Fundraising Goal:**

\$ 150,000.00

**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,

done now. Keeping a repeal of Section 1031 out of any tax reform proposals whether written in 2014 or 2017 is the FEA's most important goal.

The Obama Administration's FY 2016 Budget Proposal includes a limitation of gain deferral to \$1 million per year per taxpayer for real estate exchanges and eliminates exchanges for artwork and collectibles. Previously, a repeal of Section 1031 like-kind exchanges was included both in Rep. Dave Camp's (R-Mich.) House Ways and Means tax reform bill in 2014, and also in a Sen. Max Baucus' (D-Mont.) Senate Finance Committee proposal in 2013. None of these proposals have become law, but all remind us that like-kind exchanges are not immune from cuts considered to achieve tax reform goals.

FEA leaders have set strategic goals for like-kind exchange advocacy. The preventive actions being done now are key to our future success. If a repeal of Section 1031 is included in a bill, (such as in Rep. Camp's bill H.R. 1 of 2014,) it will be extraordinarily difficult to get us out. Our goal is to get Section 1031 off the list before the legislation is drafted.

During the March and May fly-in meetings on Capitol Hill, FEA attendees were met with differing reactions from Members of Congress. Several legislators support like-kind exchanges, and will be champions for our cause. However, many legislators are unaware of the important benefits that Section 1031, a relatively small provision in the tax code, brings to the real estate, construction, commercial transportation, and equipment and auto leasing industries, and ultimately to the overall U.S. economy. Several legislators have called for an outright repeal of the provision. As one FEA attendee has mentioned, "It's a 50/50 shot" that this fight will continue, and will become even more expensive in time and money. The work must be done today.

It is imperative that more legislators recognize the ill-effects a repeal of Section 1031 could have on the U.S. economy. FEA leaders and members again attended meetings with legislators on Capitol Hill during the May Fly-in meetings last week. These fly-in events are very intense, and our volunteer attendees take time away from their jobs and businesses to advocate for the industry. During the past 60 days, FEA GAC members attended about 85 meetings with legislators, staffers and committees.

Before the April 15th deadline, the FEA submitted comments to the Senate Finance Committee in response to the request for input on tax reform. The Committee received more than 1,400 responses concerning tax reform. As the Deloitte report reiterates, "**The work that the tax writing committees have done so far and the work they do in the 114th Congress is likely to form the basis of future reform efforts.**"

With these actions, our like-kind exchange advocates work to educate legislators and staff about this strong capital formation tool. FEA leaders and members do this by sharing facts and stories concerning like-kind exchanges in a Member of Congress' state and district, testimonials from people who use like-kind exchanges, and economic data from the FEA- and Coalition-commissioned Ernst &

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Austin, Texas**

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Young economic study released in March that shows that a repeal of Section 1031 is at cross-purposes with tax reform goals.

The FEA's investment in this strategy is paying off for the industry, but we must not let-up. Limitations are included in the budget proposal, and the potential that a repeal is included in a new proposal is great. With a presidential election just over the horizon, and as the tax reform discussion continues, it is crucial that the FEA keep up this pre-emptive strategy. As Ray Beeman says in the BNA article, "Once the cake goes in the oven, the ingredients have been mixed."

Call to Action

Please thoughtfully consider supporting the FEA's ongoing efforts to preserve our industry. Advocacy efforts are expensive, and your contributions help support our activities on Capitol Hill and to support legislators in the House and Senate who are champions for the like-kind exchange industry.

Please consider the importance of Section 1031 to your business—large or small—and the impact that repeal would have on your business.

Then, take these two important steps to preserve your business:

- 1. Submit a Permission to Solicit form for the **FEA1031 PAC**.** The 2015 fundraising goal for the FEA1031 PAC is \$150,000. Contributions to the FEA1031 PAC must come from individuals and are used to support legislators who will in-turn support our industry. Visit the website at www.fea1031pac.org or contact Naomi Weitzel for details.
- 2. Please send in your additional member (company) contribution of \$2,500, payable to FEA.** This contribution—the approximate value of two-to-three exchanges—will support our ongoing efforts to preserve Section 1031. A contribution form can be found here.

Support from individuals and member companies is imperative to preserving our industry.

GAC ACTIVITY



Past-President Bill Horan, David Franasiak, and GAC Co-Chair Suzanne Goldstein Baker participate in the May Fly-In

Last week, FEA leaders and GAC members met with legislators on Capitol Hill during the May 7-8 fly-in event. Thank you FEA attendees Suzanne Goldstein Baker, Mary Foster, Max Hansen, Bill Horan, Dan Imbior, Margo McDonnell, Derrick Tharpe, John Wunderlich, and our Williams & Jensen partner David Franasiak. Members of this group met with Congressional representatives from California, Connecticut, Illinois, Louisiana, Michigan, New York, Ohio, Texas, and the Center on Budget Policy Priorities (CBPP).



Are you the FEA Key Contact for your Member Company?

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

The FEA 1031 PAC is limited to owners and employees of our members companies. The key contact for a member company must give FEA permission to solicit. We must have this permission form completed before you can participate by contributing to the FEA 1031 PAC and help preserve IRC Section 1031.

If you have not given FEA permission, please take a moment to complete and return the [FEA 1031 PAC Permission to Solicit form](#). Even if you are the only employee of the company, we need your completed form in order to provide you with additional information on the FEA 1031 PAC.

Only individuals can give to the FEA 1031 PAC.

**It's quick and easy to do!
Every dollar counts.**

What Good is the PAC?

Your contributions to the FEA 1031 PAC, along with contributions to the FEA are critical. The PAC has afforded us the opportunity to host and attend fundraisers for legislators who we think can champion our cause or who are otherwise critical policy-makers.

Attending a fundraiser guarantees an opportunity to speak directly to the legislator, rather than through a staffer.

Members of FEA leadership sponsored a recent fundraiser for House Ways & Means Chairman Paul Ryan in April and were able to speak privately with Rep Ryan for 20 minutes. In so doing, we were able to identify misunderstandings and directly debunk myths about 1031. We would not likely have gotten this level of access and focus with Rep. Ryan in Washington.

We are hosting fundraisers for Senator Bennet (D-CO) and Rep. Roskam (R-IL) in June and July. Additionally FEA members have recently sponsored and/or attended fundraisers for:

Rep. Kevin Brady (R-Tex.)	Sen. Johnny Isakson (R-GA)
Sen. Sherrod Brown (D-Ohio)	Rep. Sam Johnson (R-Tex.)
Sen. Richard Burr (R-NC)	Rep. Mike Kelly, (R-Penn.)
Sen. Mike Crapo (R-ID)	Sen. Rob Portman (R-Ohio)
Rep. Bob Dold (R-Ill.)	Sen. Jim Renacci (R-Ohio)
Sen Michael Enzi (R-WY)	Rep. Paul Ryan (R-Wisc.)
Sen. Chuck Grassley (R-Iowa)	Rep. Adrian Smith (R-Neb.)
Sen. Dean Heller (R-Nev.)	Rep. Pat Tiberi (R-Ohio)
Rep. George Holding (R-NC)	Rep. Sam Johnson (R-Tex.)

ABOUT THE FEA GOVERNMENT AFFAIRS COMMITTEE

The FEA Government Affairs Committee promotes taxpayer-friendly legislation, monitors regulatory activity, provides commentary to the IRS, House Ways and Means Committee, and Senate Finance Committee, and has met with the Joint Committee on Taxation as well as state and federal legislators. The GAC is led by co-chairs Brent Abraham, Suzanne Goldstein Baker, and Max Hansen, in partnership with our lobbying partners Williams & Jensen.

The FEA Government Affairs Committee actively responds to legislative and regulatory initiatives at both the state and federal levels and advocates on behalf of the FEA and consumers.

Additionally, the FEA monitors the activities of state legislatures and regulatory agencies through the vigilance of our members. In several significant instances, the FEA provided commentary and testimony 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.

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.

For more information on the threats to section 1031 and how you can help, visit www.1031TaxReform.com

Federation of Exchange Accommodators

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