



1031 EXCHANGE

Flash Call

July 29, 2014

Presented By:



The Real Estate Roundtable



WELCOME AND INTRODUCTIONS

Chris Ludeman, CBRE

Today's Speakers



Chris Ludeman
*Global President
Capital Markets, CBRE*



Adam Feuerstein
*National Real Estate
Technical Leader
PwC*



Bernie Haddigan
*Senior Managing Director
Capital Markets, CBRE*



Spencer Levy
*Executive Managing Director
Capital Markets, CBRE*



Suzanne Goldstein Baker
*Executive Vice President &
General Counsel
Investment Property Exchange
Services, Inc.*



Malcolm McComb
*Vice Chairman
Capital Markets, CBRE*



R. Byron Carlock, Jr.
*National Partner/
Real Estate Practice Leader
PwC*



Ryan McCormick
*Vice President and Counsel
Real Estate Roundtable*



LEGISLATIVE PERSPECTIVE

Suzanne Goldstein Baker & Ryan McCormick

CBRE

pwc

IPX
1031



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LEGISLATIVE PERSPECTIVE

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1031 Exchange is on the Table – 3 Proposals

HOUSE WAYS & MEANS COMMITTEE

Tax Reform Act of 2014

- Calls for Full Repeal of 1031 as of Jan 1, 2015

WHITE HOUSE /TREASURY

Proposed FY2015 Budget

- Would limit Real Property Exchanges to \$1M Annual Gain Deferral

SENATE FINANCE COMMITTEE

Tax Reform Discussion Draft: Cost Recovery & Accounting

- Would repeal 1031 Exchange, but left door open for real property & intangible property
- Suggests potential to modify like-kind standard to 1033 “similar or related in service or use” standard

LEGISLATIVE PERSPECTIVE

Suzanne Goldstein Baker & Ryan McCormick

Where are We Now?

- 01 **All proposals still in discussion draft form – No pending legislation**
- 02 **Tax reform not likely this year**
 - Possibly in 2015 or in 2017
- 03 **What's driving this?**
 - Bipartisan desire for base-broadening, rate-reducing tax reform
 - *Push down tax rates by eliminating tax “preferences”*
 - Perception that 1031 Exchange transactions constitute a “loophole”
 - Repeal of 1031 Exchange estimated by Joint Committee on Taxation (JCT) to raise \$40.9B over 10 years
- 04 **Policymaker education/awareness campaign on benefits of 1031 Exchange**
 - Section 1031:
 1. *Encourages new investment and property improvements,*
 2. *Prevents “lock up” effect when asset has significant built-in gain*
 3. *Increases market liquidity*
 4. *Contributes to state/local tax revenue*

LEGISLATIVE PERSPECTIVE

Suzanne Goldstein Baker & Ryan McCormick

Resources



Coalition of Industry Associations

Commissioning a Study of the Impact of 1031 Repeal on the U.S. Economy to quantify the economic cost



1031 Exchange Issue Websites

- IPX1031® www.ipx1031.com
- Federation of Exchange Accommodators www.1031taxreform.com
- News and updates on 1031 Exchange reform
- Whitepapers analyzing impact of proposed changes and economic benefits of 1031 Exchange to a myriad of markets



The Real Estate Roundtable

www.rer.org



APPENDIX

Speaker Bios



The Real Estate Roundtable



SUZANNE GOLDSTEIN BAKER

Investment Property Exchange Services, Inc.



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Professional Experience

Suzanne is a licensed attorney (IL) and Certified Exchange Specialist® who has been facilitating tax-deferred exchanges for more than 20 years, and who has 25 years of trust, banking and compliance experience. Prior to joining Investment Property Exchange Services, Inc., she founded and managed the national tax-deferred exchange businesses of two large commercial banks.

Suzanne is a past President of the Federation of Exchange Accommodators, the industry association for Qualified Intermediaries, and currently serves on the Board of Directors, the Executive Committee, and the Government Affairs Committee. In these roles, she has met with members of the US Congress, the Internal Revenue Service, the US Department of Treasury, the Joint Committee on Taxation, the Consumer Financial Protection Bureau and various state legislators, providing a resource for better understanding of the issues confronting taxpayers and their Qualified Intermediaries. She is highly engaged in industry efforts related to tax reform proposals affecting IRC §1031 like-kind exchanges. She has worked with a number of states to draft and pass legislation regulating exchange accommodators.

Suzanne earned a JD from IIT Chicago-Kent College of Law and a BA, with honors, from the University of Illinois. She is a member of the American Bar Association Tax Section, the Chicago Bar Association and the Illinois Real Estate Lawyers Association.

RYAN MCCORMICK

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Vice President and Counsel

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Professional Experience

Ryan McCormick is Vice President and Counsel at The Real Estate Roundtable, where he is responsible for managing the organization's tax policy activities. The Real Estate Roundtable brings together leaders of the nation's top publicly held and privately owned real estate ownership, development, lending and management firms and leaders of major national real estate trade associations to jointly address key national policy issues relating to real estate and the overall economy.

Ryan joined the Roundtable in May 2013 after serving nearly 11 years in the U.S. Senate as a tax and economic policy advisor for Senators Daniel Patrick Moynihan, John Kerry, Joseph Lieberman, Bob Graham, and Bill Nelson. In 2011-2012, Ryan was Staff Director of the Senate Finance Subcommittee on Fiscal Responsibility and Economic Growth. As staff director, Ryan guided and oversaw all aspects of the subcommittee's activities, including bipartisan hearings on tax reform and tax policy matters.

From 2006 until 2008, Ryan practiced tax law as an associate at Miller & Chevalier in Washington, D.C., the oldest tax law firm in the country. He is a graduate of Georgetown University; Sciences-Po in Paris, France; and the University of Texas School of Law, where he was editor-in-chief of the Texas International Law Journal. From 2000 to 2001, Ryan researched tax reform in West Africa as a Fulbright Scholar.