AGENDA

November 7, 2014

Federal Taxation Committee

National Association of REALTORS®
2014 REALTORS® Conference
Hilton New Orleans Riverside
Grand Salon D/Street Level
Friday November 7, 2014
1:30 PM – 4:00 PM

Presiding:

Chair, Douglas McCloud (OH)
Vice Chair: George Peek (NV)

Liaison:

Committee Liaison, Cynthia Shelton (FL)

Staff:

Evan Liddiard (DC)

I. Call To Order

II. Welcome By Chair and Introductions

III. NAR Ownership Disclosure and Conflict Of Interest Policy

IV. Nar Presidential RPAC Challenge – Status

V. Approval of Previous Meeting's Minutes

VI. Guest Speaker – Thomas Nice, CPA, Partner, Cohnreznick

A. Cutting-Edge Ways to Use 1031 Like-Kind Exchanges

B. Planning in a 3.8% World – How to Cope with the Tax On Net Investment Income

C. Tom Nice Answers Your Questions

Vii. Analysis of Tuesday's Election Results & What They Mean For Tax Policy – Ken Wingert

VIII. What To Expect In The Lame Duck Session – Evan Liddiard & Ken Wingert

A. Outlook On Expired Tax Provisions: Is It Now Or Never?
Congress allowed a number of real estate related tax provisions to expire when they adjourned last year without passing a tax extenders package. As of the posting of this agenda neither the Senate nor the House have passed a tax extenders package. They could still pass a tax extenders package during the lame duck session or early in 2015. Real estate related provisions include:

1. Tax Relief From Mortgage Debt Forgiveness
2. 15-Year Cost Recovery For Qualified Leasehold Improvements
3. Election To Expense Equipment And Qualified Real Property
4. Deduction For Energy Efficient Commercial Buildings
5. Temporary Minimum Low Income Housing Tax Credit Rates
6. Deduction For State And Local General Sales Taxes

B. Update on Marketplace Fairness Act and Internet Tax Freedom Act
In 1992, the U.S. Supreme Court ruled in *Quill Corporation v. North Dakota* that complex state and local sales tax rules were a burden to interstate remote retailers, and therefore, internet and catalog retailers should be exempt from collecting sales taxes unless they have a physical presence, such as a store or warehouse, in the purchaser's state. The burden to remit sales tax on internet and catalog purchases has fallen on the consumer, who is usually unaware of the responsibility. The Supreme Court also stated that "Congress may be better qualified to resolve [the problem]." But for the last two decades, Capitol Hill has not taken action.

IX. A Closer Look At Mortgage Debt Forgiveness Tax Relief – Evan Liddiard & Danielle Hale

A. The Economics Behind Mortgage Debt Forgiveness

B. California's Anti-Deficiency Rule – What It Might Mean For Your State

X. Update On Real Estate Investment And Jobs Act (FIRPTA Reform Bill)
The Real Estate Investment and Jobs Act (S. 1181 and H.R. 2870) increases the amount of REIT stock foreign shareholders can hold without triggering FIRPTA tax. Currently, foreign shareholders can own up to 5 percent of publicly-traded companies without triggering FIRPTA. The proposal would increase from 5 percent to 10 percent the exemption level threshold and apply the new threshold to investors in certain widely held collective investment vehicles.

Reverses a misguided IRS notice that drove investment out of U.S. commercial real estate. In the case of a domestically controlled REIT, the bill would treat redemptions and liquidating distributions the same as sales of stock. Before 2007, the IRS treated these distributions as sales of the REIT's stock, and not subject to U.S. tax. In 2007, the IRS reversed itself and concluded that liquidating distributions should be treated as sales of real estate subject to FIRPTA.

Cosponsors:
Senate bill has 40, including 21 of 24 Finance Committee members
House bill has 68, including 32 of 369 Ways and Means members

XI. Why Tax Reform Is Still A Threat To Real Estate – Evan Liddiard
An exploding federal debt and continued growth of tax complexity have forced tax reform into the limelight once again. Members of Congress from both Houses and both parties have indicated that tax reform is a priority, and President Obama has also expressed qualified support, especially for corporate tax reform.

XII. Federal Taxation Committee Input On Marriage Equality And Real Estate
The Diversity Committee identified several possible areas where real estate benefits are not available to same sex couples because they are not allowed to marry in their state and asked for the input of the Federal Financing and Housing Policy Committee, the Convention Financing and Policy Committee, the Federal Taxation Committee and the State and Local Issues Policy Committee.

XIII. Input from Members on Most Important 2015 Federal Tax Policy Issues

XIV. New Business and Announcements

XV. Adjournment