

# AGENDA



**NATIONAL ASSOCIATION OF REALTORS®  
2021 REALTORS® CONFERENCE AND TRADE EXPO  
FEDERAL TAXATION COMMITTEE  
November 12, 2021, at 1:30 pm PT**

**CHAIR** Nick Manis (NJ)  
**VICE CHAIR** Nathan Bell (TX)  
**COMMITTEE LIAISON** Maura Neill (GA)  
**STAFF EXECUTIVE** Evan Liddiard

## **PURPOSE**

To develop policy on all matters of federal taxation affecting real estate; to coordinate with the Business Issues Policy Committee in developing policy on those tax matters that affect the business operations of REALTORS®; and to provide guidance to NAR staff on lobbying strategies and positions.

**I. Call to Order:** Nick Manis, Chair and Nathan Bell, Vice Chair

- a. Welcome and introductions
- b. NAR Ownership Disclosure and Conflict of Interest Policy – EXHIBIT
- c. NAR Presidential RPAC Challenge Status

**II. Approval of Previous Meeting’s Minutes:** Nick Manis – EXHIBIT (Minutes from May 3, 2021, Virtual Legislative Meeting)

**III. Introduction of agenda for today:** Nick Manis

**IV. Update on tax bill pending in Congress:** Evan Liddiard

Congress and the President have appeared to have agreed upon framework for the proposed Build Back Better bill. While there have been a number of proposals that would have used tax increases to as pay-fors that would have directly impacted real estate, the most recent outline appears to not include any of them. The latest draft would:

- Not eliminate or cap 1031 exchanges,
- Not eliminate or cap stepped up basis,
- Not apply a capital gains on unrealized appreciation at time of death,
- Not increase capital gains on high earners in a way that would capture middle-class households who have infrequent events,
- Not increase in the estate tax,
- Not change the carried-interest provisions and
- Not change 199A limits

In addition, the proposal appears to leave income and corporate tax rates at their current level.

Lastly, the proposal includes \$150 billion for housing, including money for a first-generation downpayment assistance program and money for additional housing units.

**V. Political Perspective on the 117th Congress and Beyond:** NAR Lobbyists (Joe Harris, Helen Devlin)

## VI. Committee discussion

### VII. New Business: Consideration of policy motions on tax increase proposals:

#### *A. Draft policy motion on self-directed IRAs:*

To support policies within existing law that allow Americans to utilize self-directed Individual Retirement Accounts (IRAs), especially those that invest in real property.

**Rationale:** Millions of Americans, including many thousands of REALTORS®, have elected to base part of their retirement strategy on self-directed Individual Retirement Accounts (IRAs), which allow the owner to invest in a variety of non-publicly traded assets, including real estate. Apparently because of a small number of perceived abuses involving stock owned and invested in such IRAs by ultra-wealthy investors, some policymakers have called for tax law changes that would make it difficult or impossible for self-directed IRAs to be opened or continued for practically every investor. Such changes would represent an unfair and unjustified overreaction and financially harm IRA investors who in good faith relied on the present law to set up their accounts. Moreover, such drastic changes in policy could harm the real estate sector of the economy by removing a significant avenue for investment for equity and debt in real property investments.

#### *B. Draft policy motion on reporting of bank account information for tax enforcement purposes:*

To oppose tax law enforcement policies that would require banks and other financial institutions to provide information to the Internal Revenue Service about inflows or outflows, balances, transactions, transfers, or similar information regarding any accounts maintained by such institution except to the extent that such reporting is already required under the current law.

**Rationale:** Congress and the current Administration are reportedly considering legislative changes designed to increase tax law compliance by requiring banks and other financial institutions to provide detailed information regarding account inflow and outflows and other information to the Internal Revenue Service (IRS). The ostensible purpose of this requirement is to provide information for IRS agents to pursue high income and/or high wealth individuals and businesses that are suspected to not be reporting all their taxable income. However, the requirement would likely impact many more account holders, for most of whom there is no reason to suspect tax avoidance, and saddle them with extra tax compliance costs, loss of time in responding to fruitless requests, and the risk of loss of privacy and theft of confidential information.

### VIII. Other business and announcements – Nathan Bell

### IX. Adjournment