



## March 17, 2015 – Member Alert

### ***FEA and Coalition Partners Announce Economic Study at Capitol Hill Press Event***

The Section 1031 Like-Kind Exchange Coalition ("Coalition"), of which FEA is a member, released a study, "Economic Impact of Repealing Like-Kind Exchange Rules," on Tuesday morning, concluding that repealing the I.R.C. Section 1031 like-kind exchange rules would slow economic growth, reduce GDP and hurt many U.S. small businesses.

Ernst & Young was commissioned to conduct the study in response to legislative proposals to repeal Section 1031, and concludes that the reduction in GDP would be driven primarily by decreased business investment due to increased cost of capital.

Read an overview and download the study at [www.1031taxreform.com/1031economics](http://www.1031taxreform.com/1031economics)

The study confirmed that repeal of Section 1031 would negatively impact businesses and taxpayers, and that the negative effects would affect all taxpayers through a smaller economy. Findings show that the impact would be concentrated in industries that are heavily dependent on the use of §1031 like-kind exchanges, including real estate, vehicle and equipment leasing and rental, truck transportation, and construction.

On March 17, 2015, the Coalition hosted a press briefing featuring small business owners and industry professionals who described how like-kind exchanges helped their businesses and explained how repeal of Section 1031 would hurt their industries.

Nine speakers talked about the importance of like-kind exchanges at the briefing on Capitol Hill, including GAC co-chairs Suzanne Goldstein Baker and Max Hansen.

The findings of the Ernst & Young study quantify that a repeal of the like-kind exchange provisions to pay for a corporate rate cut, corporate tax reductions, or to fund increased spending, would unequivocally result in lower economic growth in the U.S. economy.

These findings demonstrate that repeal of Section 1031 would be contrary to the stated goals of tax reform, namely: economic growth, revenue neutrality and fairness.

The study was authored by the Ernst & Young Quantitative Economics and Statistics team led by Robert J. Carroll, PhD, its National Director. Dr. Carroll previously served as Deputy Assistant Secretary for Tax Analysis of the US Treasury Department where he was the Department's top economist working on tax policy issues. He is also a former Senior Economist with the President's Council on Economic Advisers.

The Section 1031 Like-Kind Exchange Coalition is comprised of 12 diverse industry associations whose members represent more than one million U.S. businesses and taxpayers that will be severely impacted should Section 1031 be repealed.

Coalition Members include:

- FEA
- The Real Estate Roundtable
- National Association of REALTORS®
- National Association of Real Estate Investment Trusts
- National Multifamily Housing Council
- International Council of Shopping Centers
- American Rental Association
- American Car Rental Association
- Iowa Soybean Association
- Equipment Leasing and Finance Association
- Alternative and Direct Investment Securities Association
- Associated Equipment Distributors

Members are invited to participate in a webinar on Tuesday, March 24, 12:00 noon CT covering the FEA's efforts to save §1031. Further details to follow.

[Read the Coalition press release here \(PDF\).](#)

[Download the study here \(PDF\).](#)

Read an overview and more about the study at [www.1031taxreform.com/1031economics](http://www.1031taxreform.com/1031economics)

*Look for more information as it becomes available  
on: [www.1031.org](http://www.1031.org) and [www.1031taxreform.com](http://www.1031taxreform.com)*