

Resolution No. 3

Date: May 10, 1997

City: Washington, D.C.

NAHB Resolution

Title: Like Kind Exchange – Section 1031 of Internal Revenue Code
Original Sponsor: Federal Government Affairs Committee

WHEREAS, Section 1031 of the Internal Revenue Code (IRC) provides for the tax deferred exchange of like kind property;

WHEREAS, Section 1031 allows the exchanger to defer recognition of their taxable gains until they accept cash or other payment for the property;

WHEREAS, the current definition of “like kind” allows for a broad view of what constitutes like kind and allows for the exchange of developed property for undeveloped property;

WHEREAS, changing the definition of “like kind” to a “similar use” standard would severely curtail many beneficial real estate transactions and reinvestment in communities struggling to improve distressed properties;

WHEREAS, changing the definition would cause taxpayer uncertainty and create complex new administrative burdens;

WHEREAS, the current law on like kind exchanges is not abusive, since taxpayers involved in such transactions are not altering their level or type of investment and, therefore not changing their economic position; and

WHEREAS, current like-kind exchange rules serve as a stimulus to economic development and investment, and if the rules are changed the economic benefits will be eliminated; and

WHEREAS, the current law has been in place for over 60 years.

NOW, THEREFORE, BE IT RESOLVED that the current rules and definitions with regard to like-kind exchanges and Section 1031 of the Internal Revenue Code should be maintained.

Board of Directors Action:

Joint Executive/Resolutions Committee Action:

Resolutions Committee Action:

Federal Government Affairs Committee Action:

Approved

Recommends Approval

Recommends Approval

Recommends Approval