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A Foundation for Growth



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Real Estate's Policy Agenda and the
Legislative Outlook in 2017



The Real Estate Roundtable

Ryan McCormick
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“It’s not enough for a policy to be good for the real estate industry—it has to mean a stronger economy, more jobs, and stronger communities as well.”

**-- Jeffrey DeBoer
Roundtable President & CEO
February 2017**



Real Estate - National Policy Priorities

- Tax Policy
- Capital & Credit
- Energy Efficiency
- Homeland Security
- Infrastructure



Tax Reform in 2017?

Main themes:

- (1) Promote growth and investment, create jobs**
- (2) Improve competitiveness (“make it in America”)**
- (3) Reduce government intervention in economy, simplification**
- (4) Tax relief for middle class Americans (TRUMP)**



Tax Reform in 2017?

House tax plan - key features:

- **“Destination-based, cash flow business tax”**
- **Reduce rates on businesses, investment income**
- **Immediate expensing of capital investment**
- **Eliminate deductibility of interest**
- **“Border adjustability” – tax imports, exempt exports**



Tax Reform in 2017?

What does tax reform mean for real estate?

- **Existing assets vs. new construction**
- **Land**
- **Entrepreneurship and risk-taking**
- **Access to capital, cost of borrowing**
- **Regional differences**
- **Homeownership incentives**



Tax Reform in 2017?

The “unknowns”...

- **Can tax reform survive public scrutiny?**
- **Who pays? Revenue neutrality vs. deficit spending**
- **Where is the President?**
- **Where is the Senate?**



Tax Reform in 2017?

The optimistic scenario...

- **Obamacare repeal/replace in the spring**
- **Tax reform through the House by August**
- **Tax reform in the Senate and ‘conferenced’ in fall/winter**
- **Bill signing in 4Q 2017 / 1Q 2018**



Tax Reform in 2017?

Real estate industry principles – tax reform should:

- Encourage capital formation and appropriate risk-taking, while providing predictable and permanent rules;
- Ensure rules closely reflect the economics of the underlying transaction;
- Recognize that, in limited and narrow situations, tax incentives are needed to address market failures; and
- Provide a reasonable, well-designed transition regime.



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