

**TO:** State and Local Association Government Affairs Directors  
**FROM:** NAR Government Affairs  
**RE:** Year-End Update/2017 Preview  
**DATE:** 16 December 2016

### **Thank you!**

With the New Year fast approaching we wanted to take a moment to thank all of you for your steadfast support throughout the year. While NAR cannot predict what the New Year will bring, we do have some insights from our friends in Congress that lead us to an anticipated path for 2017.

### **Congress adjourns without passing Tax-Extenders**

After passing a Continuing Resolution that will fund Federal Government operations until April 28, 2017, the 114<sup>th</sup> Congress adjourned on Friday, December 9, 2016. An extension of the Mortgage Cancellation Debt Relief, part of the “Tax Extenders” package was not passed in the lame duck session. **Homeowners completing a short-sale or a mortgage modification at any time during calendar year 2016 are eligible for the relief when they file their 2016 Income Taxes in April of 2017.** NAR will be working on an extension in early 2017 that would be retroactive to January 1, 2017.

### **We’re onto 2017**

The 115<sup>th</sup> Congress will open on January 3, 2017 when Members take their oath of office.

### **What About Tax Reform?**

Here is what NAR has learned so far. The Trump Transition Team along with the Republican Congressional leadership intends to use a legislative vehicle called [Budget Reconciliation](#) to move Tax Reform. **NAR is already engaged with key members of the tax writing committees in the House and Senate, on both sides of the aisle,** to outline our positions on Tax Reform. Our Tax Team has drafted two documents for you to use with your members who may have questions about Tax Reform, for your FPCs who will be meeting with Members of Congress and for your general use. These documents will evolve as the Tax Reform debate evolves. We will periodically let you know when there has been a revision and we will keep the document at the same web link throughout the debate so if you can always have access to the latest information.

**Document One Issue Brief:** <http://narfocus.com/bilddbatabase/clientfiles/172/19/2795.pdf>

**Document Two Talking Points:** <http://narfocus.com/bilddbatabase/clientfiles/172/19/2796.pdf>

### **Individual Real Estate Tax Provisions**

There is currently no Tax Reform Bill since Congress has adjourned. The House Ways and Means Committee is using the [Blueprint](#) a series of tax reform principles to help guide and shape the debate. The Blueprint contains an increase in the Standard Deduction and elimination of the deduction for State and Local Taxes. NAR is opposed to these two concepts. Additionally, many of you have been contacted by outside groups who are asking you to mobilize your members in opposition to changes to the 1031 Like-Kind Exchange provision. NAR opposes any changes to the 1031 Like-Kind Exchange provision and will launch a Call for Action on Tax Reform Legislation when appropriate, please disregard these outside requests.

### **NAR Priorities for the 115<sup>th</sup> Congress**

Regulatory reform, tax reform, National Flood Insurance Program reauthorization, housing finance reform (Fannie Mae and Freddie Mac) and other housing and real estate issues that arise.

## **GOP Priorities for the 115<sup>th</sup> Congress**

The GOP leadership has identified several priorities for 2017. These are not listed in any particular order, but rather are intended to provide a snap-shot of what issues are going to be looked at early in the new Congress. While the media has made much of the “the First 100 Days” agenda of the incoming Administration, Congress is going to evaluate progress throughout 2017. In order to use Budget Reconciliation both chambers must pass the same Budget. It is the leadership’s intention to pass both an FY17 Budget and an FY18 Budget so that they can use Budget Reconciliation twice, one time to **repeal the Affordable Care Act** and the **second for Tax Reform**. **Regulatory reform** is expected to be high on the list of Congressional action. This is a reaction to the large number of executive orders issued in the Obama Administration. Congress will flex its muscles as a co-equal branch of government. **Job Creation** it is expected that the GOP will claim most recent job creation was the result of regulatory compliance and not added demand for workers. **Immigration** GOP will push for border security measures including the Southern Border Wall. Additionally, the US Senate will have more than 1200 nominations to process, potentially slowing down legislative activity.

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