

Sunday, May 3, 2020

Taxation and Government Finance

Mission Statement - This Committee is a Policy committee. Its mission is to develop C.A.R.'s government and taxation policy. It has original jurisdiction to evaluate legislation and regulation in the following taxation policy. It has original jurisdiction to evaluate legislation and regulation in the following issue areas as they relate to real estate:

Commercial Investment

Government Finance

Property Tax

Transaction Tax

Split Roll propositions:

1. One qualified measure for the ballot in November~ Requires certain commercial and industrial Real Property to be taxed based on fair-market value and no longer upon purchase.

2. Second measure to replace the first -Signatures have been submitted to qualify for the ballot and this would replace the original proposition -The first proposition was not polling well...the writers of the bill revised it: Small business exemption from a total market value of all property owned by a taxpayer in the state and used for business operations from the \$2 million or more in holdings to \$3 million or more in holdings. This would be phased in January 1, 2022

Committee agreed to DELAY ACTION at this time because if we oppose this they may oppose C.A.R.s Tax Portability initiative.

ACTION ITEMS:

1. Family Home Protection and Fairness in Property Tax Reassessments Act

See Task Force Report available at CAR.org

Recommendation:

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That C.A.R. allocate up to \$30 million to fund a statewide campaign for “Homeownership for Families and Tax Savings for Seniors” on the November 2020 ballot.

The \$30 million would come from reserves.

The Board of Directors voted yes - motion passed.

There may be a Legislative Alternative — if Legislation sponsors an alternative bill - then it is very possible C.A.R. will not need to allocate that amount of money.

Federal Taxation Issues

1. NAR Homebuyer Tax Credit ~ NAR’s Federal Taxation Committee is planning on considering new policy to support a homeowner tax credit. NAR would still support a mortgage interest deduction.

C.A.R.’s existing policy is to maintain the Mortgage Interest Deduction (MID) but also to support a first-time homebuyer tax credit. The NAR Proposal could maintain the MID but expand the tax credit to any homebuyer, with an extra incentive for first-time homebuyers.

The Committee voted YES in support

COMMERCIAL INVESTMENT

The IRS has delayed deadlines for a number of IRS filings and payments. These include:

- * 1031 Like-Kind Exchange- the 45-day and 180-day deadlines are extended til July 15th if they fall between April 1 and July 14.
- * Estimated Tax Payments: The April 15th and June 15 estimate tax payments are delayed until July 15.
- * Individual taxpayer who need additional time beyond July 15 can request extensions to October 15, 2020.