

## Tax Notes

Focus on Treasury

---

### Incoming Treasury Letters

DECEMBER 25, 1989

REAL ESTATE PRACTITIONERS RECOMMEND THAT LEGISLATION NOT BE EFFECTIVE UNTIL DATE OF ENACTMENT.

#### Section 1031 -- Like-Kind Exchanges

---

Charles L. Thompson of Lippenberger, Thompson & Welch, **Robert W. Wood** of Steefel, Levitt & Weiss, and Louis S. Weller of Weller & Drucker, editors of The Real Estate Tax Digest, have written House Ways and Means Committee Chairman Dan Rostenkowski, D-Ill., and Senate Finance Committee Chairman Lloyd Bentsen, D-Tex., to express their concerns regarding the effective dates of proposed legislation. As an example, the attorneys refer to the effective date of section 11601 of the House budget reconciliation bill, dealing with like-kind exchange provisions.

Although section 11601 was not introduced in the House until August 4, 1989, its provisions were to be effective for all transfers after July 10, 1989. It is "taxation by ambush," according to Thompson, Wood, and Weller. Claiming that making legislation retroactive to some obscure date prior to the legislation's introduction or passage places a substantial burden on many taxpayers. They further contend that the use of a retroactive effective date causes legislation to become effective on introduction of a bill, regardless of whether the bill actually becomes law. They suggest that where the purpose of future legislation is to raise revenue rather than to prevent abuse, the effective date of the legislation should be its date of enactment.

**Full Text Citations:** AccServ & Microfiche: Doc 89-9378; Electronic: 89 TNT 253-15 ; Print: H&D Dec. 19, 1989, p. 2445

---

### Tax Analysts Information

**Code Sections:** Section 1031 -- Like-Kind Exchanges

**Magazine Citation:** Tax Notes, Dec. 25, 1989, p. 1550  
45 Tax Notes 1550 (Dec. 25, 1989)

**Tax Analysts Document Number:** Doc 89-9378

---