

December 07, 2017

The Honorable Orrin Hatch
Chairman
Senate Committee on Finance
United States Senate
Washington, D.C. 20510

Dear Chairman Hatch and Conferees:

The undersigned organizations urge you not to change the ownership qualification period for the exclusion from capital gains on the sale of a principal residence to five out of the last eight years. This will disproportionately penalize growing families and discourage labor mobility. We do not believe this is the public policy outcome intended.

Under current law, the taxpayer may exclude up to \$250,000 of capital gain (\$500,000 for joint filers) from the sale of a principal residence as long as they have owned and used the residence as a principal residence for at least two of the previous five years. Increasing this holding period would act as a disincentive and tax penalty for many homeowners needing to move up or move down as life events occur.

According to the Joint Committee on Tax (JCT), this proposal only generates \$800 Million over ten years, but it would have a considerable negative effect on millions of Americans across the country.

Like you, we support economic growth through homeownership and do not want to prevent homeowners from moving between otherwise prudent housing choices and properties driven by both expected and unexpected life events. As structured, this provision will harm families and disrupt the U.S. residential real estate industry and the well-being of local communities. We would strongly urge retention of the current law on this issue.

Sincerely,

American Land Title Association
America's Homeowner Alliance
Community Mortgage Lenders of America
Consumer Mortgage Coalition
Habitat for Humanity
Independent Community Bankers of America

Leading Builders of America
Mortgage Bankers Association
National Association of Realtors
RESPRO
The Realty Alliance

cc:

The Honorable John Cornyn
The Honorable Mike Enzi
The Honorable Lisa Murkowski
The Honorable Rob Portman

The Honorable Tim Scott
The Honorable John Thune
The Honorable Pat Toomey