

110TH CONGRESS
1ST SESSION

H. R. 3420

To amend the Internal Revenue Code of 1986 to require the use of Federally insured intermediaries for nonrecognition treatment on like-kind exchanges involving cash to be used to acquire the replacement property.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 3, 2007

Ms. ZOE LOFGREN of California introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to require the use of Federally insured intermediaries for nonrecognition treatment on like-kind exchanges involving cash to be used to acquire the replacement property.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “1031 Regulation Act
5 of 2007”.

1 **SEC. 2. FEDERALLY INSURED INTERMEDIARIES REQUIRED**
2 **FOR LIKE-KIND EXCHANGES INVOLVING**
3 **CASH TO BE USED TO ACQUIRE REPLACE-**
4 **MENT PROPERTY.**

5 (a) IN GENERAL.—Subsection (a) section 1031 of the
6 Internal Revenue Code of 1986 (relating to exchange of
7 property held for productive use or investment) is amend-
8 ed by adding at the end the following new paragraph:

9 “(4) REQUIRED USE OF FEDERALLY INSURED
10 INTERMEDIARIES FOR EXCHANGES INVOLVING CASH
11 TO BE USED TO ACQUIRE REPLACEMENT PROP-
12 erty.—Paragraph (1) shall not apply to any ex-
13 change as part of which cash is received by the tax-
14 payer which is to be used to acquire like-kind prop-
15 erty unless such cash is at all times before being so
16 used held as a deposit in—

17 “(A) any insured depository institution (as
18 defined in section 3 of the Federal Deposit In-
19 surance Act (12 U.S.C. 1813)), or

20 “(B) any insured credit union (as defined
21 in section 101 of the Federal Credit Union Act
22 (12 U.S.C. 1752)).”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to transfers after the date of the

1 enactment of this Act in taxable years ending after such
2 date.

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