

2006 Legislative News

Senate Fails To Pass Tax Breaks, Estate Tax, and Minimum Wage Increase

On Wednesday evening, August 3, 2006, the Senate failed to pass a cloture motion to advance the Estate Tax and Extension of Tax Relief Act of 2006—H.R. 5970—which would extend expiring tax credits, repeal the sunset provision for the estate and generation-skipping taxes, and increase the minimum wage. The Senate vote on the motion was 56 to 42, short of the 60 votes needed to end debate and bring the bill to the Senate floor. IREM strongly supports tax credits that would benefit real estate managers as well as reducing those affected by the estate tax.

The federal estate tax is scheduled to disappear in 2010 and return in 2011 at a 55% rate for individual estates over \$1 million. This legislation would increase the unified credit against the estate tax to an exclusion of \$5 million for individual estates and \$10 million per couple, with rates of up to \$25 million at 15% and amounts over \$25 million at 30%.

H.R. 5970 would also increase the hourly minimum wage from \$5.15 to \$7.25 over three years. IREM's position on minimum wage is it supports a one-time-only increase rather than a three to five year phase-in. To view the IREM Statement of Policy on wage/ hour applications, [click here](#).

To view the roll call of how each Senator voted, [click here](#).

Senate Passes Immigration Bill

The U.S. Senate approved the Comprehensive Immigration Reform Act of 2006 by a vote of 62 to 36 on May 25, 2006. The proposal—S. 2611—includes provisions of impact to employers. Fines for hiring undocumented workers would be increased from \$10,000 to \$20,000 per violation and would impose jail time on repeat offenders. If the bill becomes law, employers would be required to begin electronically verifying the legality of employees within 18 months of the law's enactment. The bill also creates a guest worker program for 1.5 million immigrant agricultural workers.

The U.S. House had passed its version of immigration reform legislation in December. There are significant differences between the two chambers' bills; for instance, the House bill does not provide for a new guest worker program or the legalization of undocumented immigrants. The House and Senate are now faced with finding a compromise.

President Signs Tax Increase Prevention and Reconciliation Act Into Law

President Bush signed the Tax Increase Prevention And Reconciliation Act of 2005, H.R. 4297, into law on May 17, 2006. The law contains two key provisions of impact to commercial real estate professionals: extended tax cuts on dividends and capital gains for an additional two years (through 2010) and extends relief for the middle-class from the alternative minimum tax (AMT).

Institute of Real Estate Management members lobbied in support of the bill during the IREM Capitol Hill Visit Day on April 26, 2006.

Tax Relief Bill Passes U.S. House and Senate

On May 11, 2006, the U.S. Senate passed the Tax Relief Extension Reconciliation Act, H.R. 4297, by a vote of 54 to 44. The day prior, the House approved the bill by a vote of 224 to 185. H.R. 4297 contains two key provisions of impact to commercial real estate professionals: extended tax cuts on dividends and capital gains for an additional two years (through 2010) and extends relief for the middle-class from the alternative minimum tax (AMT). The President supports the legislation and is expected to sign it. Institute of Real Estate Management members lobbied in support of the bill during the IREM Capitol Hill Visit Day on April 26, 2006.

Small Business Health Plans Update

The US Senate did not end the filibuster on the Small Business Health Plans (SBHPs) on Thursday, May 11, 2006. The cloture vote, the only procedure by which the Senate can vote to place a time limit on consideration of a bill and thereby overcome a filibuster, was 55-43, short of the 60 votes needed. As a result, the vote on S. 1955 will not occur at this time. It must be noted that this is the first time in 11 years that SBHP legislation was debated on the U.S. Senate floor. The Senate is divided by partisanship on this issue.

IREM, in cooperation with the National Association of REALTORS®, is appreciative of members who contacted their Senators' offices asking them to support S. 1955. Their support got the bill to the floor for debate and increased its Senate support.

Senator Enzi who proposed the legislation will attempt to re-work the bill to attract the necessary support to win a future cloture vote.

OCC Rulings Permit Banks in Real Estate Development

In December 2005, three large, national banks obtained permission from the Office of the Comptroller of the Currency (OCC) to go into commercial real estate. The OCC legal rulings expand the ability of banks to engage in real estate development, ownership, and merchant banking. These rulings, which contradict Gramm-Leach-Bliley Act, bring banks closer to real estate brokerage and management. IREM, in cooperation with NAR, has successfully lobbied to keep banks out of real estate the last five years. IREM and NAR will lobby Congress to block the OCC from issuing similar rulings in the future.

Terrorism Risk Insurance Extension Act Becomes Law

On December 22, 2005, President Bush signed the Terrorism Risk Insurance Extension Act of 2005 into law, extending the federal insurance backstop program for two years. The amount of property and casualty losses needed to trigger federal involvement will increase. The Act also provides for increases in insurance deductibles. Insurers will continue to be required to offer terrorism coverage under the same terms and conditions as other lines of coverage at levels below the event triggers.