Real Estate and Economic Growth Resolution

Summary

This resolution calls on the United States Congress to reduce capital gains taxes, allow pension funds to be invested in real estate and provide a tax-credit for first time home buyers. These policies would add tremendous strength to the national economy, add jobs, raise tax revenues, bolster consumer confidence and strengthen financial institutions.

Model Resolution

{Title, enacting clause, etc.}

WHEREAS real estate annually generates over one-fifth of our nation’s total economic activity; and

WHEREAS the real estate industry provides eight million jobs directly through construction and real estate services and millions more from related business; and

WHEREAS lower real estate values diminish America’s net wealth and consequently, reduce tax contributions, now well in excess of $200 billion annually, to all levels of government; and

WHEREAS the 1986 Tax Reform Act levied burdensome and unfair taxes on the real estate industry; and

WHEREAS as a result of the 1986 Tax Reform Act, the United State's capital gains tax is one of the highest among industrialized nations; and

WHEREAS these tax increases diminished America’s net wealth in real estate and directly led to the nation’s recession; and

WHEREAS since World War II, upswings in private real estate investment have led the economy out of eight recessions; and

WHEREAS with the support of positive, fair policies, real estate will once again help lead the nation to improved economic performance; and

WHEREAS reforming capital gains taxes and passive loss would bolster consumer confidence, stimulate savings and investment, add jobs, raise tax revenues and strengthen financial institutions; and

WHEREAS additional incentives such as allowing pension funds to be invested in real estate and tax credits for first time home buyers would further strengthen the economy; now

THEREFORE, BE IT RESOLVED that the state of (insert state) calls upon the United State congress and in particular (insert state's Congressional members) to improve the overall economic condition of the nation by reducing the capital gains tax; and

BE IT FURTHER RESOLVED that new rules should be enacted to make it easier for the nation’s pension funds to invest in real estate, providing a vital new source of capital for housing and construction; and

BE IT FURTHER RESOLVED that tax credits for first-time home buyers should be enacted to spur the economy and enable millions of Americans to afford their own homes.

1995 Sourcebook of American State Legislation

Center for Media and Democracy's quick summary

This resolution is evidence of ALEC’s support for policies in the mid-1990s that led to the housing bubble that burst in the mid-2000s. This is a resolution from states to the federal government encouraging the end of capital gains taxes and ways to pump more money into real estate, including greater investment of pension funds in real estate.

While it is unknown if any states signed such a resolution, it reflects the priorities of ALEC and its corporate board members, priorities which would have been communicated to the legislators and elected officials attending ALEC conventions and events.

See also the 2004 “Resolution in Support of Workforce Housing in America”