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John F. Poblocki  
17 Kirkbrae Drive  
Lincoln, Rhode Island 02865

December 17, 1984

Mr. James A. Baker, III  
Chief of Staff and Assistant to the President  
The White House  
1600 Pennsylvania Avenue  
Washington, D.C. 20500

Re: Tax Proposal

Dear Mr. Baker:

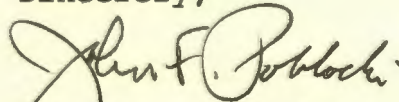
I am extremely upset by the Treasury Department Tax Proposal and in particular its impact on real estate. While I can understand the logic behind some aspects of the proposal (e.g. lengthening depreciation schedules), there are many other aspects lacking any logic whatsoever. Specifically:

1. Eliminating interest deductions. Interest expense is a cost of doing business. Altering the present system of deductions creates a whole new set of economics whose impacts could be much greater in magnitude than you anticipate.
2. Eliminating capital gains treatment. By taxing recaptured depreciation as ordinary income, the sales value of all real estate is negatively impacted. That means anyone who now owns real estate and who must sell it at some future date can expect to pay more taxes than under current law. It also means that future purchase prices (and sale prices) will be negatively impacted to reflect the additional tax costs anticipated at sale.
3. Taxing Limited Partnerships of over 35 partners as corporations. This proposal is perhaps the most dangerous of all if it includes publicly registered programs. As you may not know, most limited partnerships consist of tax exempt small investors (IRAs, Keough Plans, etc.) who purchase real estate for its economic benefits only. These publicly registered programs consist of thousands of small investors with \$1,000 to \$10,000 per partner. If the proposal affects these publicly registered partnerships, then the effect is to summarily tax IRAs and Keoughs as corporations owning real estate. This effectively eliminates real estate as an investment for small investors. I can't believe that is the intent of the proposal.

4. Eliminating Investment Tax Credits. The current rehab tax credit program has done much to restore old buildings in urban areas which otherwise would be unable to attract investment capital. The elimination of this program simply ignores the needs of urban areas to attract private capital. How does the Treasury plan to otherwise prevent further decay of urban areas? Shall we return to the massive clearance urban renewal programs of the 1960s and 1970s?

I am quite concerned that the Tax Proposals dealing with real estate were developed in isolation of determining the massive impact on the U.S. economy which real estate has. I have read where 35 to 40% of the nation's economy depends to a large extent on real estate and related industries including construction, housing, building materials, etc. Tinkering with real estate values and the real estate economy should not be done without first thoroughly analyzing the impact on the entire economy. I think if the impact is carefully addressed, the proposals will be altered dramatically.

Sincerely,



John F. Poblocki

JFP/jk

# BOUCHER & COTÉ,

LTD.

401-766-7545

REAL ESTATE INVESTMENTS

329 PARK AVENUE, WOONSOCKET, R.I. 02895

December 12, 1984

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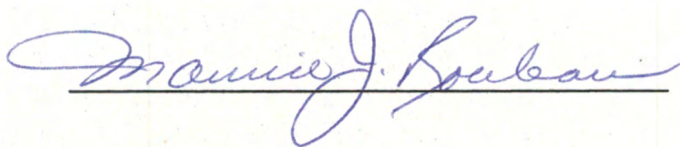
RE: Treasury Department Tax Reform Proposals

Dear Mr. Baker:

I urge you to immediately take a strong position against the tax reform proposals recently issued by the U.S. Department of Treasury. The uncertainty of the future legislation is causing havoc in the investment community. This uncertainty is likely to result in an acceleration of the recessionary pressures already building in the present economic climate.

I believe that if enacted, certain provisions contained in the Treasury proposal would create a disincentive for capital formation, thus greatly damaging the economy of the United States. This in turn will cripple the construction and development resulting in the loss of millions of jobs, and ultimately creating a severe housing shortage and higher rents for millions of tenants across the United States. The proposal is economically damaging and ineffectual and conflicts with the underlying philosophy of the Reagan administration and re-election. I therefore, urge you in the strongest terms, to publicly oppose the recent Treasury proposal.

Very truly yours,



/jhd



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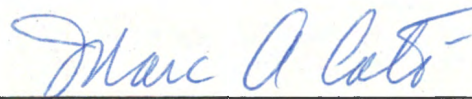
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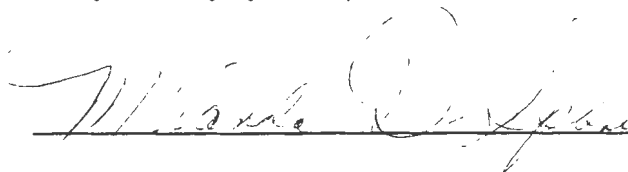
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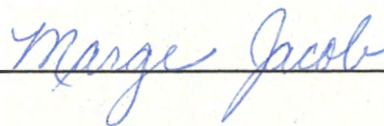
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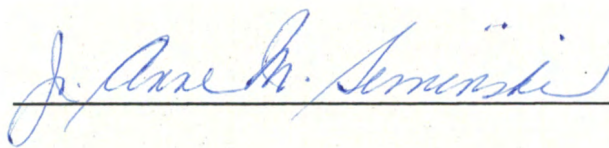
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A handwritten signature in blue ink, reading "J. Anne M. Seminski", is written over a horizontal line.

/jhd