

# WORD ON THE STREET

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Issue 3

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*"The way to get started is to quit talking and start doing."*

- Walt Disney

## Opening Day, Closing Deals

*By Charles J. Esposito, Esq.*

### GREETINGS AND SALUTATIONS!

Welcome to the third issue of *Word on the Street*, the semi-occasionally occurring newsletter from the Taft Street Law Firm.

Spring is usually the time people start emerging from the haze of Winter and deciding that they need to get things done. We have "Spring Cleaning" and we "Spring into Action."

We're springing into action at Taft Street, as Mr. Esposito has attained his license to issue Title Insurance through CATIC. We are now fully equipped to handle real estate closings and represent both buyers and sellers.

Spring also marks the beginning of Baseball season. Spring Training commences, and this year, Opening Day is at the end of March. This issue of *Word on the Street* will focus on a few intersections of baseball and the law.

Onward!

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## 1031 Exchanges and Baseball

By Charles J. Esposito, Esq.

A hot topic for avid baseball fans in the weeks preceding the season surprisingly involved an arcane tax procedure and President Donald Trump. In 2017, Congress passed the Tax Cuts and Jobs Act which slashed corporate and individual tax rates across the board.

It also amended section 1031 of the tax code, which pertains to exchanges of property and the tax implications of doing so.

### 1031 Exchanges

A 1031 Exchange is a transaction where a party selling property at a profit exchanges that property for “like-kind” property and is allowed to defer the capital gains taxes involved in the transaction.

For instance, if you purchased a house and then sold that house at a profit, you could potentially buy a new, more expensive house, and not have to pay taxes on the gain from the previous house until a later date.

In the past, this process was used in a variety of situations. Art collectors might use a 1031 exchange to defer the taxes on a painting they sold for a profit. This deferment of taxes did not sit well with Congress, and by changing this section of the tax code, they hoped to capture more tax revenue.

### Keep It “Real”

As shown in the margin, the new law adds the word “real” to section 1031(a)(1). This means that from now on, the 1031 Exchange can only be used in connection with real estate. What could this possibly have to do with Major League Baseball?

Apparently, since 1967 the IRS has considered trades of baseball player contracts as exchanges of like-kind property. In other words, MLB teams have been using the 1031 Exchange to conduct their player trades and defer capital gains taxes.

While the implications are far from certain, several pundits, sports analysts, and lawyers have predicted that the uncertainty now created by the new tax code will force Major League teams to reevaluate their player valuations and potentially chill the trade market this season. Whatever the outcome is, be on the lookout for executives from leagues like MLB to pay a few visits to Congress in an effort to lobby for favorable rule interpretations.

### SEC. 13303. LIKE-KIND EXCHANGES OF REAL PROPERTY.

(a) In General. — Section 1031(a)(1) is amended by striking “property” each place it appears and inserting “real property”.



## Baseball...Netting?

By Charles J. Esposito, Esq.

In our last issue of *Word on the Street*, we broached the topic of assumption of the risk as it pertains to golf. Once again, we venture into the arena of personal injury as it pertains to sports. If you are an avid baseball fan, you may have heard that several teams have extended the protective netting normally found behind home plate.

This is no coincidence. In 2017, a proposed class action lawsuit made its way up to the Ninth Circuit Court of Appeals in San Francisco (just one step away from the Supreme Court). The theory of the case alleged that Major League Baseball stadiums should be liable to fans who were struck by foul balls.

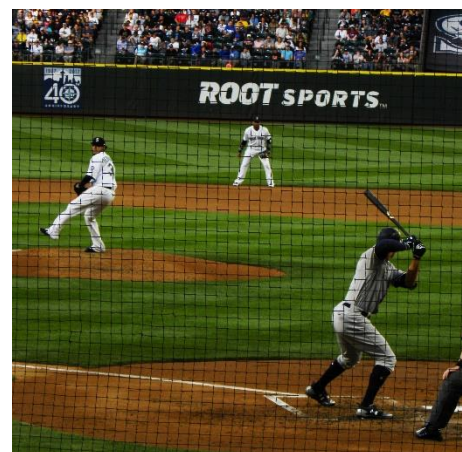
As readers of this paper should know, a possible defense to this type of case involves the doctrine of assumption of the risk. However, there was no need for the doctrine to come into play in this case as the judge did not allow for the class action to go forward.

Even though this suit was not allowed to become a class action, it doesn't preclude others from trying to recover from getting injured at the ballpark. That is why multiple teams have already extending their protective netting - some stadiums have the netting surrounding the entire field, from foul pole to foul pole.

As a fan, it is surely disheartening to have part of the viewing experience interrupted. In years past it was much easier to go straight down to the field to get an unobscured picture, perhaps an autograph, and a short conversation with a player. These moves, however, are smart risk mitigation strategies by the teams.

Even knowing that they would most likely prevail in a court setting, why take the risk? Why not prevent an injury from even occurring if the fix is simple? Often times in business, companies are forced to measure the risk against the reward. Here the risk is that a fan could be severely injured. The reward (of not having netting) is a better viewing experience.

The choice should be clear to teams considering the extended netting, as it's unlikely that fans will stop coming to the park on account of safety precautions.



A view from behind the netting of Yankees Rookie of the Year Aaron Judge facing "King" Felix Hernandez.



*"My legal training taught me to put myself in our opponents' dugout. Law school taught me how to analyze and how to best deal with a specific situation...The best degree a baseball manager can get is a J.D. The law degree taught me how to study, how to think, and how to implement and develop a strategy."*

- Tony La Russa  
Hall of Fame Manager

## Mobile Real Estate Closings

*With Taft Street Law Firm*

Taft Street Law Firm is proud to announce that we have attained our title agency license in the state of Florida and can now provide title insurance as part of our real estate closings!

*But that's not all...*

Taft Street is fully equipped to perform a closing virtually anywhere in Florida! By leveraging available technologies and adding in a little creativity, you do not have to go to your closing - *your closing can come to you!*

## Future Endeavors

*By Charles J. Esposito, Esq.*

### NEW AND EXCITING TIMES!

The Taft Street Law Firm is continuing to move forward in its mission to provide quality legal representation to our clients.

We have made public our [core values](#) and we will strive to live up to them with each and every case we handle on behalf of our clients.

Be sure to visit our website at [TaftStreetLaw.com](http://TaftStreetLaw.com), where we have more information including a new section on Real Estate Law. Thank you for reading and please do not hesitate to contact us if you need any help.

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*“There is little success where there is little laughter.”*

- **Andrew Carnegie**

### Here, There, or Anywhere

*We'll come to you, whether near or far. At your home, your office, or even a bar. Our Service is great and our prices are fair, Taft Street will close here, there, or anywhere.*

Your closing should be convenient, efficient, and painless. As attorneys, we work to make sure your closing runs as smooth as possible.

Find more information about our mobile real estate closings at [www.MobileRealEstateclosings.com](http://www.MobileRealEstateclosings.com).



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