



L: Chair-Elect and Secretary, Debra A. Cafaro, Chairman and CEO, Ventas, Inc.
R: Chair, William C. Rudin, CEO and Co-Chairman, Rudin Management Company, Inc.

budgets rely heavily (approximately 70%) on the tax revenues generated by our industry to fund local schools, police and fire protection, and other community services. Real estate remains critical to millions of Americans’ retirement savings through their pensions, 401ks, and private portfolios invested in commercial real estate. And as many of our nation’s urban areas become more expensive, our industry continues to recognize and support housing not only for lower income residents, but also for the nation’s middle income workforce. A stable, healthy commercial and residential real estate economy facilitated by sensible federal policies can continue to improve our national standard of living.

Last year’s tax reform holds the promise of increased national job creation, wage growth, and economic expansion.

Our industry is positioned well to provide the types of housing, working, hospitality, senior and assisted living, manufacturing, storage, and other space needed by an accelerating economy. We have worked with policymakers over the past several years to evolve the taxation of income-producing real estate so it more closely reflects the economics of investments — neither encouraging excessive development nor penalizing prudent real estate investment. Importantly, we support the wise decisions reached during last year’s tax debate to generally preserve the economic taxation of modern income-

BUILDING FOR THE FUTURE

Introduction

We are optimistic about our country, our economy, and the positive contributions the real estate industry provides. Our industry has never been so intertwined with the success of our national growth and stability, the strength and security of our infrastructure, the responsible management of our energy supply, and the everyday needs and safety of all Americans. We take seriously our responsibility to inform national policy conversations with credible, fact-based research and analysis. We remain excited about maintaining our key role in the health of local communities and exploring new opportunities for our industry to

improve the lives of all Americans.

We are building on a strong foundation: real estate continues to create jobs, fund local budgets, respond to housing needs, and serve as a corner-stone for retirement savings.

The jobs and income of millions of plumbers, electricians, carpenters, architects, engineers, teachers, school bus drivers, municipal civil servants and countless others depend on the continuation of a stable and growing real estate market. State and local

producing real estate. Whether through Real Estate Investment Trusts (REITs), corporations, or “pass-through” entities, the taxation of real estate investment, development, and ownership should not deviate from this “economic taxation” principle. It is worth noting this is why we did not embrace the serious suggestions to allow immediate expensing of structures. Although this would have significantly benefited short term individual interests, we viewed the long-term potential of excessive, unjustified development as unwise and risky. We are pleased this excessive incentive was not included in the final bill; however, the current time period provided to recover investments in structures remains too long and needs to be shortened.

We look forward to ensuring that related regulations keep faith with the new tax law’s intent and the economic principles that undergird its implementation.

We applaud lawmakers for recognizing the positive economic contributions

▼ President and CEO, Jeffrey D. DeBoer



from non-corporate businesses and we are particularly excited by the capital-formation and job-creation potential of the new pass-through business entities tax rules. However, we must note our concern regarding the new limitation on the deductibility of state and local



Our industry directly employs millions of Americans and produces more than 70% of state and local tax revenue.

income and property tax. The impact of this new limitation must be monitored closely as it could significantly affect our nation’s urban areas as businesses and individuals relocate in search of lower tax communities. We are concerned by the potential impact of this new legislation on the national deficit and long-term debt.

America’s economic growth of course requires additional policy action.

For instance, legislation to meaningfully improve our nation’s infrastructure could dramatically increase GDP. To do so demands a recognition of dramatically changed demographics, mobility choices, and technology. This also requires an understanding that the ongoing “transportation revolution” is as meaningful to future economic growth as were the economic impacts of past transportation revolutions — from stagecoach to waterway, from rail to interstate highway. Our infrastructure needs are not simply the repair of existing roads, bridges, airports, etc. We must embrace and build an infrastructure

for the future — one that fully involves state and local governments, public-private partnerships, a more streamlined permitting process, and modernized revenue sources. Additional policy actions to support sustainable economic growth should improve the availability of credit and capital for sound real estate development, maximize energy conservation in buildings through voluntary federal programs like ENERGY STAR for tenants, correct the dip in market share to attract more international travelers to the U.S., and maintain our industry information-sharing partnership (ISAC-RE) with federal, state, and local governments to help keep people who work in and visit our buildings safe and secure. It is also time to explore options to privatize and make permanent a long-term insurance solution to terrorism risk. And, once again, we call for legislation to allow states to collect the sales taxes owed on internet based purchases.

We are focused on providing a positive, constructive voice in the policymaking process.

The Real Estate Roundtable’s approach to policy, informed by our members’ input and expertise, has always been *analysis first* and then advocacy. We pledge no allegiance to “sacred cows” and welcome all ideas, no matter how bold or controversial. Whether through testifying on Capitol Hill, commissioning academic analysis to illuminate potential consequences of legislation, or by offering our knowledge and non-partisan perspective, we intend to continue to work with policymakers of all political perspectives to try to make our country better through well-informed law and regulation.

We are excited to work with you in the new year!