

Infrastructure

The Roundtable’s advocacy to Congress and the Administration emphasizes that thriving real estate markets are essential to help finance the roads, bridges, transit, telecommunications, power delivery, and other systems that make our communities function. The quality of infrastructure systems has been cited as the most important factor influencing real estate decisions around the world.

The Roundtable submitted a series of letters and comments over the last year to House and Senate transportation, commerce, and tax committees outlining real estate’s priorities to spur infrastructure investment, job creation, and economic growth. Our recommendations include:

Repeal the Foreign Investment in Real Property Tax Act (FIRPTA) to unlock private capital to help finance infrastructure assets.

FIRPTA imposes a discriminatory layer of capital gains tax on foreign investment, which does not apply to any other asset class. The Roundtable supports bipartisan *FIRPTA* repeal legislation (*Invest in America Act*, H.R. 2210) as a market-driven catalyst to finance improvements in our nation’s infrastructure. More detail is provided in the Tax Policy section of this report.

Establish beneficial depreciation rules for energy efficiency investments, that help address climate change.

The Roundtable recommends a 10-year cost recovery schedule for a new tax code category of high performance energy efficiency equipment in commercial and multifamily building infrastructure. More detail is provided in the Energy & Climate section of this report.



U.S. Secretary of Transportation Elaine Chao emphasized greater and smarter investment in our national infrastructure systems will boost productivity and expand the national economy.

Streamline the permitting process.

The nonprofit organization Common Good estimates that a six-year delay in starting construction on public projects costs the nation more than \$3.7 trillion. Permit delays dampen private sector investment and add to the overall costs of infrastructure projects.

Congress should codify approval streamlining procedures supported by both Republican and Democratic administrations. For example, Trump Administration executive measures to establish discipline in the permitting process should become legislative goals. These include a two-year goal to complete all environmental reviews for major infrastructure projects, with interim benchmarks; increased coordination between federal agencies at key points in the permitting process; and increased emphasis on project “pre-scoping” and “preliminary planning.”

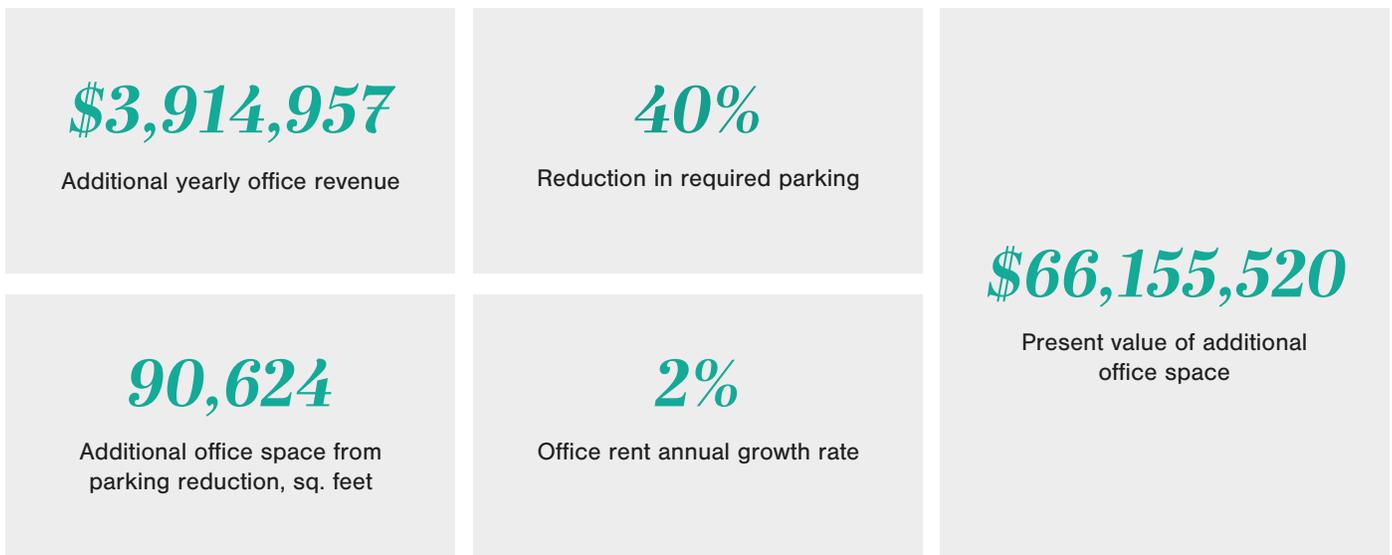
Responsibly increase the “pay at the pump” gas user fee.

The biggest federal funding source for surface transportation is the Highway Trust Fund (HTF). It is capitalized by the “pay at the pump” gas user fee, which has not been raised since 1993. The fund is perpetually on the brink of insolvency and frequently bailed out by Congress. The Roundtable supports industry proposals to sustain the HTF by increasing the federal fuel user fee by five cents a year for the next five years, and indexing it to inflation thereafter.

Revising IRS “volume caps” and other limitations on private-activity bonds (PABs).

Tax-exempt PABs are proven tools to mobilize public and private co-investment in infrastructure. The Roundtable supports broadening their availability by raising volume caps on the capacity of states to issues PABs, expanding

Less Need for Parking, Increased Value of Office Space



Source: Henderson, J., & Spencer, J. (2016). *Autonomous vehicles and commercial real estate*. *Cornell Real Estate Review*, 14(1), 44-55.

the scope of projects eligible for PAB financing, and giving states flexibility to choose which kinds of projects can most benefit from tax-exempt bond assistance. Pending bipartisan measures such as the *Move America Act* (H.R. 1508), the *Public Buildings Renewal Act* (H.R. 1251), and the *BUILD Act* (S. 352) seek to accomplish these goals.

Encourage Public-Private Partnerships (P3s) by Improving the *Transportation Infrastructure Finance Innovation Act (TIFIA)* loan program.

TIFIA's low federal interest rates and flexible repayment terms have unlocked private investment capital to finance major projects across the country. However, the review process to obtain *TIFIA* support can be unduly arduous and lengthy. The Roundtable supports the *RAPID Act* (S.353), to enhance the program's efficiency while safeguarding taxpayers' investments.

Support mass transit grant programs.

Infrastructure legislation must reflect demographic preferences for mass transit, as Millennials dominate the workforce and Baby Boomers retire from it. Funding for the U.S. Transportation Department's Capital Improvement Grants (CIG) should be maintained, with reasonable federal-state cost-share rules, to help finance mass transit programs of regional and national significance (like the New York-New Jersey Gateway program).

Comprehensive EB-5 Reform.

The EB-5 foreign investment program has been used and should be optimized to finance infrastructure development. In anticipation of another EB-5 program expiration (scheduled for September 30, 2019), The Roundtable and coalition partners in May sent a letter to congressional leaders expressing unified industry



Speaker of the House Nancy Pelosi (D-CA) discusses possible bipartisan legislation that promotes strong and smart investments that create jobs, improve quality of life, and enhance safety in the U.S.

support to comprehensively reform the program. These concepts include a new EB-5 visa processing fee that can help bridge the nation's infrastructure deficit.

Moreover, as the coalition has long urged, EB-5 reform must include robust "integrity measures" to deter investor fraud and safeguard national security. The coalition's recommendations also offer a "set aside" of visas for projects in Targeted Employment Areas (TEAs). Such set asides will encourage fair access to EB-5 capital in rural and distressed urban communities. Urban TEAs should overlap with opportunity zones designated in 2018 by the Treasury Department. Substantial increases to EB-5 investment amounts are also overdue and necessary.

On the regulatory front, in March the coalition wrote to the White House Office of Management and Budget. We urged that comprehensive reforms can only be accomplished by Congress, and that proposed regulatory changes are too narrow to sufficiently modernize and sustain the EB-5 program and create American jobs over the long term.