NEWS RELEASE

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NAREIT APPLAUDS INTRODUCTION OF REAL ESTATE INVESTMENT AND JOBS ACT IN U.S. HOUSE OF REPRESENTATIVES

Bill Would Create Jobs and Growth by Attracting Cross-border Investment

Would Help Level the Playing Field in the Global Competition for Capital

WASHINGTON, DC, April 30—The National Association of Real Estate Investment Trusts (NAREIT) today applauded the introduction in the U.S. House of Representatives of the Real Estate Investment and Jobs Act of 2015, which would reform elements of the Foreign Investment in Real Property Tax Act (FIRPTA). The legislation was introduced by Representatives Kevin Brady (R-TX) and Joseph Crowley (D-NY), and was co-sponsored by a bi-partisan group of Representatives, including Rep. Earl Blumenauer (D-OR), Rep. Vern Buchanan (R-FL), Rep. Robert Dold (R-IL), Rep. Lynn Jenkins (R-KS), Rep. Sam Johnson (R-TX), Rep. Ron Kind (D-WI), Rep. Peter King (R-NY), Rep. John Larson (D-CT), Rep. Kenny Marchant (R-TX), Rep. Jim McDermott ((D-WA), Rep. Patrick Meehan (R-PA), Rep. Richard Neal (D-MA), Rep. Charles Rangel (D-NY), Rep. Tom Reed (R-NY), Rep. Dave Reichert (R-WA), Rep. Jim Renacci (R-OH), Rep. Peter Roskam (R-IL), Rep. Linda Sanchez (D-CA), Rep. Pete Sessions (R-TX), Rep. Mike Thompson (D-CA), Rep. Pat Tiberi (R-OH), and Rep. Todd Young (R-IN).

"We greatly appreciate the leadership shown by Representatives Brady and Crowley, as well as the bill's co-sponsors, in introducing and supporting this vitally important legislation," said NAREIT President and CEO Steven A. Wechsler. "The provisions of this bill will help level the playing field in the global competition for capital, enabling the United States to attract more cross-border investment that will create jobs in the real estate and construction industries, upgrade U.S. commercial real estate and infrastructure, and expand state and local tax bases through increased economic activity."

FIRPTA was enacted in 1980 to discourage cross-border equity investment in U.S. real estate by taxing non-U.S. investors' gains on the sale of real property, including real estate and infrastructure assets. In some cases, it can create a tax burden as high as 54.5 percent. Its effect is to choke off the flow of cross-border investment into U.S. real property and deflect capital to other, more competitive global markets.

The Real Estate Investment and Jobs Act of 2015 would exempt non-U.S. pension funds from the FIRPTA tax penalty. It also would increase the FIRPTA exemption for portfolio investors in a publicly traded U.S. REIT from 5 percent to 10 percent ownership of the company's stock and extend the exemption to certain collective investment vehicles.

"This legislation would bring greater fairness to the global competition for capital, helping to increase the flow of investment to create jobs, fuel the engine of economic growth and strengthen the financial foundations of our communities," Wechsler said.

In February, the Senate Finance Committee unanimously approved its own FIRPTA reform legislation. President Obama's 2016 Federal budget proposal also included elements of FIRPTA reform. To learn more about efforts to reform FIRPTA, click here.

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