

April 27, 2015

Dear Representative:

Senior members of the House Ways and Means Committee, including lead sponsors Kevin Brady (R-TX) and Joseph Crowley (D-NY), will soon introduce the Real Estate Investment and Jobs Act of 2015. If enacted, this bipartisan legislation would create jobs and stimulate investment in U.S. commercial real estate and infrastructure by providing relief from the Foreign Investment in Real Property Tax Act (FIRPTA). We encourage you to cosponsor and support this timely and important measure.

The United States is among the world's favorite places to invest. Yet today's outdated tax laws actively discourage investment from overseas in places where it could have a tremendous economic impact—notably infrastructure and the commercial real estate industry, which alone represents 13 percent of U.S. GDP by revenue and generates or supports over 9 million American jobs.

FIRPTA is a major impediment to investing in the United States. The punitive FIRPTA law subjects foreign investment in U.S. real estate or infrastructure to a much higher tax burden than applies to a foreign investor purchasing a U.S. stock or bond, or an investment in any other asset class. FIRPTA imposes U.S. tax on gain realized by a foreign investor on the disposition of an “interest” in U.S. real property, which includes infrastructure assets. In some cases, FIRPTA can generate a tax burden as high as 54.5 percent. The FIRPTA regime is an anti-competitive outlier that deters and deflects capital to other markets.

FIRPTA reform is a cost-effective way to unlock private capital and drive new, job-creating investment here at home. Boosting inbound investment is a goal shared by virtually all, and FIRPTA reform is an issue that transcends the partisan divide, as evidenced by its strong support in both the business and labor community. Inbound investment spurred by FIRPTA reform will be used to upgrade and improve commercial properties and infrastructure, expand state and local tax bases, and create jobs in the real estate and construction industries. Investment in real estate and infrastructure is a job multiplier, generating thousands of jobs in construction, planning, engineering, maintenance, building management, and more. Commercial real estate and infrastructure investment also increases economic and labor productivity, getting people where they need to go and providing them with a more dynamic and modern workplace once they get there.

The Real Estate Investment and Jobs Act of 2015 is a modified version of legislation introduced in the last two Congresses. The bill includes two critical provisions to mobilize foreign capital for investment in the United States. First, it would increase the ownership stake that a foreign investor can take in a publicly traded U.S. real estate investment trust without triggering FIRPTA liability and extend the provision to certain collective investment vehicles. Second, it would remove the tax penalty that FIRPTA imposes on foreign pension funds that invest in U.S. real estate and infrastructure.

In the 113th Congress, the Real Estate Investment and Jobs Act of 2013 was cosponsored by 69 Members of the House of Representatives (36 Republicans, 33 Democrats), including almost every member of the Ways and Means Committee. In February, the Senate Finance Committee unanimously passed a version of the Real Estate Investment and Jobs Act, and the House passed a similar bill in 2010 by a vote of 402-11. The real estate industry and stakeholders are working with the bill sponsors and Ways and Means Committee leadership to ensure that the cost of the legislation is fully offset with noncontroversial revenue provisions prior to committee consideration.

We hope you will take an important step to boost job growth, promote inbound investment, and improve our nation's infrastructure by cosponsoring and working to pass the Real Estate Investment and Jobs Act.

Sincerely,

Alternative & Direct Investment Securities Association
American Hotel & Lodging Association
American Resort Development Association
American Society of Interior Designers
Building Owners and Managers Association International
CCIM Institute
Institute of Real Estate Management
International Council of Shopping Centers
International Union of Painters and Allied Trades
Investment Program Association
NAIOP, Commercial Real Estate Development Association
National Apartment Association
National Association of REALTORS®
National Association of Real Estate Investment Trusts
National Multifamily Housing Council
Organization for International Investment
Society of Industrial and Office REALTORS®
The Real Estate Roundtable