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September 16, 2015

The Honorable Paul Ryan
Chairman
U.S. House of Representatives Committee on Ways and Means
1233 Longworth House Office Building
Washington, DC 20515

The Honorable Sandy Levin
Ranking Member
U.S. House of Representatives Committee on Ways and Means
1236 Longworth House Office Building
Washington, DC 20515

Dear Chairman Ryan and Ranking Member Levin:

On behalf of the over 1.1 million members of the National Association of REALTORS®, I am writing to thank you for scheduling a markup tomorrow of several important expired tax provisions affecting commercial and investment real estate, and to encourage a strong vote of approval by Members on both sides.

Specifically, we are grateful that the Committee will consider H.R. 765, the Restaurant and Retail Jobs and Growth Act, and H.R. 2510, a bill to modify and make permanent bonus depreciation.

The Restaurant and Retail Jobs and Growth Act is vitally important for real estate because it would reestablish the common-sense 15-year recovery period for leasehold improvements, qualified restaurant property, and qualified retail improvement property. Since December 31, 2014, when the shorter recovery period for these assets last expired, those considering upgrading or investing in improvements to such real estate have faced the unsettling prospect of recovering the cost of these investments over a 39-year period. Such a long recovery period – far more in most cases than the actual economic lives of the improvements – discourages improvements to real property and greatly limits the economic growth and job creation that naturally follow. We are particularly pleased that H.R. 765 would make the 15-year recovery period permanent in the tax law. This is the best way to overcome the uncertainty and economic sluggishness that stem from important tax provisions that seem to be in a constant state of flux.

H.R. 2510 would make permanent the additional 50 percent depreciation allowance (bonus depreciation), which has been very important in incentivizing new investment in our economy since the financial crisis of 2008. Most significant for real estate investment, the bill would expand the provision to include as property eligible for the additional depreciation allowance "qualified improvement property," which is any improvement to an interior portion of a nonresidential building that is added after the date such building was first placed in service. This, we believe, is a very wise enhancement to the incentive that will result in a large amount of new investment in existing commercial buildings. This investment will have tremendous secondary effects on growth as the effect of these new dollars is magnified throughout the economy.

Again, thank you for your leadership on these important provisions. NAR affiliates The CCIM Institute and IREM, the Institute of Real Estate Management, join us in submitting this letter.

Sincerely,

Chris Polychron
2015 President, National Association of REALTORS®

cc: U.S. House of Representatives Committee on Ways and Means