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December 3, 2015

The Honorable Kevin Brady  
Chairman  
House Committee on Ways and Means  
301 Cannon House Office Building  
Washington, D.C. 20515

The Honorable Sandy Levin  
Ranking Member  
House Committee on Ways and Means  
1236 Longworth House Office Building  
Washington, D.C. 20515

Dear Chairman Brady and Ranking Member Levin:

On behalf of the over 1.1 million members of the NATIONAL ASSOCIATION OF REALTORS®, I applaud your continuing efforts to reach agreement with other congressional leaders and the Obama Administration on a robust tax extenders package that can be enacted before the adjournment of this session of Congress.

As you know, in today's economy, uncertainty over how our tax system will treat various transactions is of great concern to taxpayers, and can detract from economic growth and job creation. Included among the more than 50 important provisions that have expired are some that are vital to distressed homeowners and to real estate investment. Specifically, we urge you to work to ensure that the following provisions are included in the extenders package for as long a period as is reasonably possible:

- **Tax Relief From Mortgage Debt Forgiveness.** Since 2007, the tax law has provided that “phantom income” from the discharge of mortgage debt on a personal residence is excluded from gross income. This now-expired benefit has provided vital tax relief for millions of homeowners who suffered financial setbacks in connection with the loss of what for most was their greatest financial asset – their home. Even though many real estate markets around the nation have improved, millions of families still find themselves underwater on their home mortgages. Absent the relief a retroactive extension of the provision would give them, many distressed borrowers find it expedient in the short run to simply walk away from their homes and obligations rather than enter into short sales or other solutions. This result harms families, neighborhoods, communities, and the entire economy.
- **15-Year Cost Recovery For Qualified Leasehold Improvements.** Improvements made by or for tenants of commercial real property have an economic life of far less than the 39 years over which the costs of nonresidential commercial real estate must be recovered. This is why Congress enacted the provision allowing the costs of such improvements to be depreciated over 15 years. Unfortunately, this provision was not made permanent in the tax law, and despite wide and deep support from both sides of the political aisle, the 15-year cost recovery period has again expired. This commonsense provision deserves to be a permanent part of our tax law.
- **Election to Expense Certain Qualified Real Property.** Until its expiration at the end of 2014, Section 179 of the Internal Revenue Code allowed for first-year expensing of certain real property purchased by smaller businesses that was (1) qualified leasehold improvement property; (2) qualified restaurant property; or (3) qualified retail improvement property. This provision, part of a larger tax incentive that has made a tremendous difference in terms of business investment, offered a very attractive encouragement for business owners to



improve such real property, and by so doing, created many jobs and gave a jolt to economic growth throughout the nation. As you renew – and hopefully make permanent – the section 179 provision, please make sure the qualified real property component is also included.

- **Deduction for Energy Efficient Commercial Buildings.** Another expired tax provision allowed a tax deduction to incentivize high levels of energy efficiency in the nation’s commercial and larger multifamily buildings. The provision, found in section 179D, encouraged owners to install high performance heating, lighting, windows, roofs, and other systems that exceed baseline requirements imposed by building energy codes. The upfront expenses of such systems impose significant costs on real estate owners. A report by the American Council for an Energy-Efficient Economy concluded that section 179D ranks at the top of a list of incentives that provide taxpayers with the most “bang for the buck” to achieve important energy policy goals with a modest absolute impact on the federal budget. We believe it deserves to be extended, and urge you to do so.

Thank you for your tireless dedication to improving the economy, our tax system, and the Nation. These expired tax provisions are important to millions of Americans. We sincerely appreciate your recognition for and ongoing commitment to the vital role that real estate plays in our economy and society.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Salomone". The signature is fluid and cursive, with a long horizontal stroke at the end.

Tom Salomone  
2016 President, National Association of REALTORS®

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