

March 23, 2004

Dear Representative:

The nearly one million members of the NATIONAL ASSOCIATION OF REALTORS® (NAR) urge you to support timely House consideration and passage of H.R. 2896, The American Jobs Creation Act. The legislation is a well-tuned combination of domestic and international reforms that simplify business taxation, reduce corporate tax rates for many business sectors and, of greatest importance to Realtors®, assure that American workers have the most productive work spaces in which to conduct their operations.

The real estate industry has been a bright spot in the economy for several years. In order to sustain this momentum, more American workers need good, value-added jobs. Thus, we support H.R. 2896 and urge you and all Members of Congress to vote in favor of passing the bill.

One very important domestic tax reform in H.R. 2896 is the provision that would reduce the cost recovery period for leasehold improvements from 39 years to 15 years. (Leasehold improvements are the tenant-specific buildouts that an owner of commercial real estate undertakes on behalf of a tenant. They can include upgrades, installation or improvement of such features as lighting, electrical wiring, technology support and reconfiguration of space.) Securing more reasonable depreciable life for leasehold improvements is a goal that the real estate industry has sought for several years. The Department of Treasury, Congressional Research Service and numerous studies have all verified that the current law treatment is unfair. This legislation rights a wrong.

The leasehold improvement provision is consistent with the goals of enhancing productivity and increasing jobs that are the foundation of H.R. 2896. Improved capital recovery rules for these improvements will assure that workers have the best possible space in which to perform. The process of making these improvements enables owners and/or tenants to create numerous jobs in construction and related trades. Thus, the leasehold improvement provision has the dual benefit of both enhancing business output and increasing capital expenditures as new jobs come on line.

We urge the speedy enactment of the American Jobs Creation Act, H.R. 2896.

Sincerely,

A handwritten signature in black ink that reads "Walter T. McDonald". The signature is written in a cursive, slightly slanted style.

Walter T. McDonald  
President