

TAX EXTENDERS

Achieving comprehensive tax reform has been the goal of congressional tax committees over the last few years and the focus of their activity. As a result, many temporary tax provisions, including those important to the commercial real estate industry, have been allowed to expire with the expectation that they would be addressed in comprehensive reform. **Congress should pass tax extenders legislation that renews the following provisions:**

- **Fifteen-Year Qualified Leasehold Improvement Depreciation:** the ability to deduct over a 15-year period the cost of customized improvements a building owner makes to rental space to configure it for a tenant's needs. Unless the provision is renewed, depreciation must be taken over 39 years, which is not reflective of the true economic lifespan of these improvements.
- **Brownfields Expensing Remediation:** the ability for developers to deduct the costs of the environmental cleanup of a brownfield site in the year the costs were incurred. Without the deduction, cleanup costs need to be capitalized and spread over a period of years.

TERRORISM RISK INSURANCE ACT (TRIA)

In order to guarantee that insurance coverage would be available for the commercial real estate industry, Congress passed the Terrorism Risk Insurance Act of 2002 (TRIA), which created a federal reinsurance backstop program for terrorism insurance. Terrorism continues to be an unpredictable threat, and the federal government must continue to play a role in ensuring that commercial property owners can continue to obtain coverage for damage due to acts of terrorism. **The program is currently set to expire at the end of 2014 and needs to be extended.**

ENERGY

For the past several years, Congress has introduced legislation that would significantly increase the energy efficiency of building codes. NAIOP has worked with House and Senate sponsors of energy legislation (H.R. 1616 and S. 1392) to include provisions ensuring that cost implications

are considered before setting efficiency targets. NAIOP also advocates for continuation of the Commercial Building Energy Efficient Tax Deduction, commonly referred to as 179D, a federal tax deduction to assist building owners in recovering some of the costs for high efficiency components and systems (windows, roofs, lighting, and HVAC) in commercial buildings that meet certain energy savings performance targets. **NAIOP supports incentive-based solutions to help the real estate community reach higher levels of efficiency and building codes that are cost effective.**

TRANSPORTATION AND INFRASTRUCTURE

NAIOP believes that increasing federal transportation and infrastructure funding is paramount to a thriving real estate industry and national economy. The success of commercial real estate projects depends largely on infrastructure investments and viable connectivity strategies that incorporate different modes of transportation, including highways, roads, rail and mass transit. **NAIOP supports increased transportation and infrastructure funding, new public-private partnerships, increased port development funding, and water infrastructure improvements.**