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IREM and CCIM Inst. join forces

May 07, 2008 - Spotlights

IREM and the CCIM Institute recently joined forces to raise awareness on Capitol Hill of key issues affecting the commercial real estate industry. Approximately 275 IREM and CCIM Institute members representing 40 states and the District of Columbia held 220 meetings with their respective senators, representatives and their staffs to voice the industry's concerns about these critical topics: Energy Tax Credits; Climate Change/Energy; Natural Disaster Insurance; Leasehold Improvements; and Capital Gains/Depreciation Recapture.

Energy Tax Credits

IREM and CCIM Institute believe that incentives for energy efficiency investments are the best way to promote conservation. While many legislative proposals threaten to require mandates for green buildings and "zero-net" energy, the two organizations support positive incentives as the best way to achieve the goal.

IREM and CCIM Institute support H.R. 5351, the "Renewable Energy Conservation Tax Act of 2008." This legislation will extend tax incentives for energy efficiency in commercial buildings and allow a five-year recovery period for the depreciation of qualified energy management devices.

Climate Change/Energy

Today, commercial buildings make up 73 billion s/f of real estate in this country. IREM and CCIM Institute believe that lawmakers need to understand the benefits of market-based incentives to retrofit existing buildings for energy efficiency and the serious consequences to mandating the same.

Natural Disaster Insurance

The intensity of large natural disasters in recent years has made the acquisition of adequate property insurance very difficult in some areas. Insurers are declining to write policies, canceling existing policies or increasing premiums on existing policies. Recently, Hurricanes Katrina and Rita have refocused attention on this issue.

IREM and CCIM Institute Members lobbied their legislators to amend the "Homeowners Defense Act" (H.R. 3355 and S.2310) to include protection for commercial and multifamily properties.

IREM and CCIM Institute support the "Leasehold Improvement Depreciation Act of 2007" (H.R. 2014/ S. 1361), which would make the 15-year recovery period for leasehold improvements permanent.

Capital Gains/Depreciation Recapture

Under current law, capital gains are taxed at a maximum rate of 15%. This rate is temporary and will revert to 20% as of January 1, 2011. When capital gains tax rates were reduced to 15% from 20% in 2003, the depreciation recapture rate remained at 25%. Before 1997, depreciation recapture amounts were taxed at the same rate as capital gains.

IREM and CCIM Institute support a level playing field for those who choose to invest in real estate

and thus oppose rates for depreciation recapture that are higher than the capital gains rate.Â

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