



March 17, 2017

Congressman Patrick Tiberi
US House of Representatives
Washington, DC 20515

Congressman Danny Davis
US House of Representatives
Washington, DC 20515

RE: Tax Parity for Economic Development and Infrastructure Investments

Dear Representatives Tiberi and Davis,

The undersigned real estate and economic development organizations strongly support H.R. 1416, the Preserving Investment in Neighborhoods Act, legislation to exclude from gross income certain contributions to the capital of a partnership and thank you for your leadership in sponsoring this legislation.

We believe that this legislation represents an important clarification to current tax law and upholds public / private partnerships by extending the exemption from federal income tax upon the receipt of state / local economic development and infrastructure funds to all entity types. An immediate federal income tax on state / local financing in public economic development or infrastructure capital limits the amount of investment in our communities by making the project unfeasible or requiring the state / local government to make up the capital deficiency.

Dating back to 1925, courts have treated this type of investment as a tax-free "contribution to capital". However, codification of this rule under Section 118 omitted "partnerships" within its scope. Therefore, legislation that explicitly extends the application of Section 118(a) principles to partnerships is needed to support much needed private sector investment in critical economic development and infrastructure projects. Furthermore, this legislation reverses the inappropriate transfer of state / local government tax revenue associated with the current IRS policy related to these capital contributions to a partnership.

Once again, we applaud your commitment to economic development and infrastructure improvement in our communities. We look forward to working with you to further this important clarification to the Internal Revenue Code.

Sincerely,

American Senior Housing Association
CCIM Institute
Council of Development Finance Agencies
Institute of Real Estate Management
International Council of Shopping Centers
International Downtown Association
National Apartment Association
National Association of Real Estate Investment Trusts
National Multi-Family Housing Council
NAIOP, the Commercial Real Estate Development Association
The Real Estate Roundtable