

RULE on Carried Interest (H.R. 4213): Real Estate Roundtable KEY VOTE

Below is the text of a letter sent to the House today on Carried Interest and how we will *key vote* NO on the RULE of H.R. 4213. If you have any questions, please contact David Pearce at The Real Estate Roundtable -- (202) 639-8400 or dpearce@rer.org

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KEY VOTE ON RULE:

SUPPORT COMMUNITY GROWTH OPPOSE THE TAX HIKE ON REAL ESTATE

Members of the House soon will be asked to vote on the Rule to *Promoting American Jobs and Closing Tax Loopholes Act of 2010* (H.R. 4213). This legislation includes a dramatic tax increase on real estate -- carried interest. Congress is proposing a permanent tax on real estate to pay for 40-plus temporary tax incentives.

Due to the critical importance of this issue to the real estate community and our nation's economy, The Real Estate Roundtable will use the vote on this rule as a **KEY VOTE**.

The proposed increase to "carried interest" taxation is a perilous tax law change for the \$6.7 trillion commercial and multifamily real estate industry. If enacted, it would represent the largest tax increase for real estate in more than 20 years -- since the Tax Reform Act of 1986.

This is a real estate tax bill-not a hedge fund tax bill. In 2007, real estate made up the largest category (48%) of partnerships, representing \$4.4 trillion in investments by 6.8 million investors. Most of those are small, one-or-two property partnerships where one partner puts up the money to renovate a dilapidated property, and the other is the general partner who manages the work to improve the property. If you triple the tax rate on the general partner, many of the small deals simply will not happen, and fewer buildings will be renovated. Capital formation is what leads to job and tax base creation -- this proposal would discourage it.

Now is not the time to raise taxes. The tax hike will further delay economic recovery and make financing and refinancing more difficult. To make matters worse, it applies to existing investments which is patently unfair. We are disappointed with this bill and urge that it be rejected and rethought to be more reasonable.

We strongly urge all Members of Congress to vote "NO" to the carried interest tax hike on real estate and "YES" to protecting workers, retirees, local communities and economic recovery. Because the proposed tax hike to "carried interest" represents the largest real estate tax increase in over 20 years and will hurt an industry struggling to recover, RER will *key vote* NO on the RULE of H.R. 4213.

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