LEASEHOLD IMPROVEMENT DEPRECIATION COALITION

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Honorable William Thomas
Chairman
House Committee On Ways and Means
2208 Rayburn House Office Building
Washington, DC 20515-0521

July 25, 2003

Dear Chairman Thomas:

The undersigned organizations hereby express our support for The American Jobs Creation Act of 2003. The legislation combines an appropriate and much needed blend of international and domestic tax reform. This legislation will help the United States be the best place in the world to run a business and create good, high-paying jobs.

Replacing the FSC/ETI tax regime with the international reforms contained in the bill is vitally important to the ability of U.S. businesses to compete with foreign companies. The more capable U.S. companies are at competing with their foreign competitors, the more jobs will be created in the U.S. Job creation is the backbone of a healthy economy and is singularly essential to real estate.

Job creation means businesses are expanding. Expansion increases the demand for suitable and competitive building space in all sectors, office, retail, industrial, residential and lodging, and is the key component of a healthy real estate industry.

Also, we appreciate and support the domestic tax reforms you include in your bill – particularly the extension of the bonus depreciation through 2005 and the provision creating a permanent 20 year depreciable life for leasehold improvements.

You have consistently worked to replace the current 39 year life for leasehold improvements with a term that more closely reflects their actual economic life. You have long recognized that this will better enable building owners to provide tenants with the most productive work space possible. It will have the dual benefit of enhancing business output and increasing building owner capital expenditures – both job creators.

Finally, we also hope that the bill can accommodate and address reasonable improvements to the Real Estate Investment Trust rules that are sponsored by more than three quarters of the Committee. These provisions are meant to enable REITs to operate more efficiently and to compete more effectively in the international equity marketplace.

Once again, we express our support for The American Jobs Creation Act of 2003 and urge all Members of Congress to vote for it. Thank you for your continued acknowledgement of the real estate industry's important contributions to the economy.

Respectfully,

American Institute of Architects
Appraisal Institute
Building Owners and Managers Association International
International Council of Shopping Centers
Mortgage Bankers Association of America
National Association of Industrial and Office Properties
National Association of Real Estate Investment Trusts
National Association of Realtors
The Real Estate Roundtable