



IREM Helps Generate Temporary Victory on Tax Extenders' Bill

Over the last several months, IREM and CCIM Institute Members have lobbied their members of Congress on the issue of tax treatment of carried interest. This issue is critical to both the recovery of commercial real estate, as well as the overall economic recovery.

On May 5, 2010, 265 members of IREM and CCIM Institute participated in a joint visit to Capitol Hill lobbying their federal lawmakers on issues affecting the commercial real estate industry. One of the key issues members presented to lawmakers was the issue of tax treatment of carried interest.

Under consideration was a piece of legislation known as the “Tax Extenders Package” (H.R. 4213). The bill aimed to extend certain Bush era tax cuts, as well as fund an extension of unemployment benefits set to expire. However, the legislation also carried a price tag of \$127 billion, and would have added \$84 billion to the federal deficit over the next decade. In order to fund the extensions, Congressional members included \$43 billion of tax increases – including a provision to change the tax treatment on carried interest from capital gains to ordinary income. This would raise the tax rate on carried interest from 15% to as high as 39.5%, adding further stress to the already overburdened commercial real estate industry.

On May 14, 2010 and June 2, 2010, IREM and CCIM Institute initiated a “Call to Action,” urging members to contact their federal lawmakers and ask them to oppose the carried interest provision in the Tax Extenders Package. Following the Calls to Action, IREM legislative staff received an overwhelming number of emails and phone calls from members who had contacted their legislators and expressed their

opposition to the bill.

To date, lawmakers have held three votes on legislation concerning tax extensions and carried interest. Each attempt to pass the legislation has failed. IREM legislative staff would like to stress that the bill appears to be stalled, not defeated. It is likely that the measure will be taken up again.

IREM legislative staff would like to thank all who took action in contacting their members of Congress and expressing their position on the carried interest issue. Your actions have served to educate lawmakers regarding the negative economic impact posed by the legislation, preventing them – at least for the time being – from passing this dangerous bill.

IREM legislative staff will continue to update you on any future developments regarding this issue.