



## Important News From NAIOP

Dear NAIOP Members,

I'm pleased to report that last Friday, House and Senate negotiators came to an agreement on what is sure to be far-reaching reform of our existing tax code. *The Tax Cuts and Jobs Act* will be voted on this week and is expected to pass and be signed by President Trump.

This legislation, when passed, represents an important victory for NAIOP members and the commercial real estate industry. For many years, the debate surrounding tax reform gave rise to ideas that would have caused long-term damage to our industry, including the elimination of 1031 like-kind exchanges, ending capital gains tax treatment for real estate carried interests, and not allowing deductibility for interest payments on the financing for real estate projects.

The active involvement of NAIOP members and NAIOP's legislative team in this important public policy debate helped shape the final product to ensure that commercial real estate remains a vibrant contributor to our nation's economy. This tax reform legislation will:

- Preserve Section 1031 like-kind exchanges for real estate.
- Continue taxing real estate carried interests held for three years as capital gains.
- Preserve the deductibility of business interest expense for real estate trades or businesses.
- Reduce the tax rate for many pass-through businesses, including many in real estate.
- Lower the tax rate for corporations to 21 percent.
- Double the estate tax exemption.
- Retain in part the historic preservation and rehabilitation tax credit, the New Markets Tax Credit, and the tax exemption for private activity bonds (PABs).

See an [explanation of the major provisions affecting commercial real estate](#), along with the text of the legislation.

As in any major legislation of this size and scope, there are sure to be unforeseen results that will need to be addressed in subsequent technical corrections bills, and NAIOP will be there to ensure that the interests of our industry are represented.

As I often say, ultimately a landlord can only do as well as his or her tenants. Our expectation is that this tax reform legislation results in long-term economic growth and job creation for our nation.

Warmest thoughts and best wishes for a wonderful holiday and a very happy new year.

Regards,

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