INFRASTRUCTURE AND TRANSPORTATION

NAIOP
COMMERCIAL REAL ESTATE DEVELOPMENT ASSOCIATION

KEY POINTS

- The United States ranks below most major industrialized countries on the quality of its infrastructure. Increased investment in infrastructure systems is needed to maintain our long-term economic competitiveness.
- Private-sector participation in the financing of major infrastructure projects can provide new and flexible funding sources to offset the cost of these investments to the taxpayer.
- Streamlining the regulatory review and approval process for major infrastructure projects will reduce costs and speed project completion.
- State and local government economic incentives are critical for the success of major redevelopment projects. Grants, contributions of land, infrastructure and other contributions in aid of construction should not be subject to federal tax.
- The Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) unfairly targets foreign investments in real estate and should be repealed.

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OUR POSITION

NAIOP supports increased funding and investment for our nation's infrastructure and transportation systems. We favor funding flexibility through increased use of public-private partnerships (P3s), continued direct federal sources of funding for maintenance and repair, and direct federal support for projects of national importance. Infrastructure policy should promote a streamlined and transparent regulatory environment, fair tax treatment of local governmental contributions in aid of construction, and remove barriers to foreign investment in infrastructure projects.

- The availability of modern and efficient infrastructure systems is a major factor in real estate development and investment decisions. Strategic, long-term investments in infrastructure systems lead to increased opportunities for commercial real estate development and result in stronger job creation and economic growth for our communities.
- Direct federal investment, particularly for projects of national importance, is needed. Priority should be given to major infrastructure projects that have economic impact beyond their regions and affect all or major portions of the country.
- New and innovative ways to fund infrastructure development should be pursued. These include policies that increase the participation and contributions of the private sector, such as increased flexibility for and expanded use of P3s.
- Regulatory obstacles that unnecessarily deter investment in infrastructure projects should be eliminated. Permitting and approval processes should be streamlined to improve project delivery times and reduce costs.
- State and local grants, contributions of land, and other incentives often granted to promote redevelopment in underserved communities had previously been treated as tax-free contributions of capital under Section 118 of the tax code. These incentives are now taxed up front, reducing their value. NAIOP supports legislation to restore the prior tax treatment of these incentives.
- The Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) imposes capital gains tax on foreign investments in real estate, the only asset class that faces this additional tax burden. Because of the broad interpretation of the FIRPTA statute, this tax is also applied to infrastructure projects.