

IREM MEMBERS PREPARE FOR THE 2009 CAPITOL HILL VISIT DAY

CAPITOL HILL VISIT DAY WILL TAKE PLACE ON APRIL 22, 2009, IN CONJUNCTION WITH THE IREM LEADERSHIP AND LEGISLATIVE SUMMIT. IREM and CCIM Institute Members will have the opportunity to meet with their congressional leaders to increase awareness of and generate support for several issues pertinent to the real estate industry. Your elected officials count on you to let them know what issues are important to you and how to best serve you in Washington.

During the 2008 Capitol Hill Visit, over 275 IREM and CCIM Institute Members participated in over 225 meetings with their representatives and senators. Their efforts resulted in two major victories for the commercial real estate industry—the extension of the commercial buildings energy-efficient tax credit and an extension of the 15-year cost recovery period for leasehold improvements.

To prepare attendees for meetings with legislators this

April, an orientation will be held on April 21 at the J.W. Marriott Hotel in Washington, D.C. Staff from IREM, the CCIM Institute and the National Association of REALTORS (NAR®) will brief participants on public policy issues relating to the commercial real estate industry, as well as what to expect when meeting with members of Congress and their staff. Additionally, participants will receive useful resources, including an orientation manual, voting records and the *2009 NAR Congressional Directory* to better prepare attendees for meeting their legislators. Participants will also have the opportunity to meet with the other members of their state delegations following the orientation.

This is a critical time for all real estate professionals to make their voices heard. We hope you will join us on the Hill this spring! For more information on the Capitol Hill Visit Day, or to register for the event, visit www.irem.org/capitolhill.

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STIMULUS PROPOSALS TAKE AIM AT CLIMATE CHANGE

An issue that has gained traction in Congress and attention from President Obama is climate change. Although this issue was recently put on the back burner due to the current financial crisis, curbing greenhouse gas emissions will still be a priority for the Democratic-controlled Congress and President Obama. Obama and his team are currently laying out the groundwork for a major stimulus plan, with a substantial focus on green energy. The President's plan, along with the election of carbon emissions reduction supporter, Henry Waxman, to the Chairmanship of the House Committee on Energy and Commerce, will likely usher in a groundswell of energy proposals aimed at reducing emissions. Such legislation could affect the cost of constructing new buildings and retrofitting existing buildings, as well as the cost of operating multifamily and commercial structures.

One proposal aimed at fighting climate change, which gained support in late 2008 from President Obama and many prominent members of Congress, is a program called emissions trading or "cap and trade." This type of program provides economic incentives to achieve reductions in emissions. Under this approach, regulated industries can buy and sell what are, in effect, permits to pollute.

This idea is a response to strong science showing that carbon emissions contribute to global warming. However, there is no science that can accurately predict how much economic hardship will be caused as a result of this proposal. Since 2005, the European Union has required various industries (real estate exempt) to cut the amount of carbon emissions they produce or buy pollution credits in the open market. In this type of program, governments set emission caps, and companies emitting less than their quota can sell, at a profit, their unused credits to companies that overshoot their caps.

Although there have been studies by the U.S. Environmental Protection Agency (EPA) and the former Bush Administration showing that a cap and trade program in the United States may not have a significant impact on economic growth, it is unknown how this type of program will affect the commercial real estate industry.

IREM supports federal funding of a cost/benefit analysis and research into the feasibility of an emissions trading program, including the participation and input from IREM, for the real estate industry. Recognizing the serious concerns of global warming, IREM supports the development of voluntary standards for reducing greenhouse emissions as well as economic incentives in the form of tax credits that would encourage efficiency improvements and assist in paying for those upgrades.

2009 Legislative Outlook: Taxes and Energy Conservation

Climate change and green buildings legislation are expected to be high on the agenda of the 111th Congress and the new administration. IREM will continue to push for market-driven incentives, rather than mandates, to encourage energy-efficient upgrades.

In the tax area, IREM will work with National Association of REALTORS (NAR) to retain current capital gains rules as they apply to appreciated property, like-kind exchanges and carried interest, in particular by keeping capital gains tax rates at the existing 15 percent while suspending passive loss rules. Also of importance is to improve the depreciation, depreciation recapture and leasehold improvement rules without triggering the Alternative Minimum Tax. IREM will also work to attract new investment in existing real estate by providing higher income limits and expenditure limits to the so called "small investor" provisions of the passive loss rules.

