



CCIM Institute

Experts in Commercial Investment Real Estate
Affiliate of the National Association of REALTORS®

Statements of Policy

Revised and Approved by the CCIM Institute Board of Directors- April 2019

TABLE OF CONTENTS

| | |
|---|-----------|
| Foreword | 4 |
| Adopting Statements of Policy | 4 |
| 2019 Government Affairs Committee | 5 |
| Business Operations | 6 |
| ADA Reform..... | 6 |
| National Flood Insurance..... | 6 |
| Professional Certification and Designation..... | 6 |
| Terrorism Risk Insurance..... | 7 |
| Community Development Incentives | 7 |
| Historic Rehabilitation Tax Credit..... | 7 |
| Low-income Housing Tax Credit..... | 7 |
| New Markets Tax Credit..... | 7 |
| Qualified Opportunity Zone Program..... | 8 |
| Environmental | 8 |
| Brownfield Redevelopment..... | 8 |
| Energy Star Buildings Program..... | 8 |
| Section 179D..... | 9 |
| Finance and Credit | 9 |
| EB-5 Regional Center Program..... | 9 |
| Government Sponsored Enterprises (GSE) Reform..... | 9 |
| HVCRE Reforms..... | 9 |
| SBA Loans..... | 9 |
| Infrastructure | 10 |
| Transportation Infrastructure..... | 10 |
| Water Infrastructure..... | 10 |
| Tax | 10 |
| 1031 Exchanges..... | 10 |
| Indexing of Capital Gains for Inflation..... | 11 |
| Carried Interest..... | 11 |
| Internet Sales Taxation (<i>South Dakota v. Wayfair</i>)..... | 11 |
| Pass-through Treatment..... | 11 |

| | |
|--|-----------|
| Technology | 11 |
| Blockchain..... | 12 |
| Data Security..... | 12 |
| Net Neutrality | 12 |
| Use of Unmanned Aerial Systems (Drones)..... | 12 |

Foreword

CCIM Institute's Government Affairs Division staff prepares updated versions of the Statement of Policy for all chapter presidents, legislative liaisons, CCIM Institute committee chairmen and interested members. CCIM Institute encourages all chapters to utilize this information for monitoring and legislative purposes and promotes active participation in federal, state and local legislative matters. CCIM Institute Government Affairs Division staff is available to research general legislative issues of concern to CCIMs upon request.

The success and growth of CCIM Institute's legislative program depends on member participation at the federal, state and local level. Please take an active role in legislative matters and do not hesitate to contact CCIM Institute for assistance.

**CCIM Institute
Government Affairs
430 North Michigan Avenue
Chicago, Illinois 60611-4092**

Staff:

Liz Vincent, CCIM Institute, Government Affairs Liaison
Phone : (312) 321-4493
Email : evincent@ccim.com

Adopting Statements of Policy

The Government Affairs Committee is responsible for recommending statements of public policy and CCIM Institute positions on current issues.

When the Government Affairs Committee is in session at semiannual CCIM Institute meetings in April and October, positions or policy statements may be adopted with a simple majority vote. The positions and public policy statements are then submitted to the Executive Committee and, subsequently, the Board of Directors for approval.

2019 Government Affairs Committee

Chad Gleason, CCIM, Chair

Shad Phipps, CCIM, Vice Chair

Drew Showfety, CCIM, Immediate Past Chair

Teya Moore, CCIM, Presidential Liaison

Rob Adams, CCIM

Kim Baker, CCIM

Stuart Davis, CCIM

Joe Farr, CCIM

Harold Huggins, CCIM

Randy Krise, CCIM

Lou Nimkoff, CCIM

Patrick Palmer, CCIM

Carnell Scruggs, CCIM

John Stone, CCIM

Jim Tansey, CCIM

Sledd Thomas, CCIM

Business Operations

CCIM supports business operations policies that foster a healthy and sustainable commercial real estate sector and that recognize the enormous impact commercial real estate has on the economy. Commercial real estate development and operations annually support over 8.3 million jobs in the U.S. (NAIOP Research Foundation). Legislation and regulations should support business policies that support and positively contribute to this economic growth.

ADA Reform

CCIM Position

CCIM heartily endorses the mission of the ADA and supports an end to all discrimination against individuals with disabilities. CCIM encourages the regulatory agencies charged with the responsibility of enforcing the Act to adopt fair and workable regulations to ensure and facilitate timely compliance by public accommodations. CCIM supports requiring prior notification, with an opportunity to correct, alleged violations of the ADA before a lawsuit on the alleged violation can be filed, while reaffirming support for the ADA and all programs that encourage compliance with ADA laws.

National Flood Insurance Program

CCIM Position Statement

CCIM supports legislation that reauthorizes and strengthens the NFIP so it is sustainable long-term. CCIM supports improving flood insurance coverage by encouraging the development of private market options for commercial and multifamily properties at lower cost than the NFIP, while making available optional coverage including business interruption and multiple structure policies for commercial properties under the NFIP and using the latest technologies to improve flood map accuracy.

Professional Certification and Designation

CCIM Position Statement

CCIM opposes state legislation that places restrictions on voluntary professional certification/designation programs, the use of such a designation or that would allow the government to establish competing programs.

Terrorism Risk Insurance

CCIM Position Statement

CCIM supports legislation that maintains the availability of terrorism risk insurance and encourages Congress to pass legislation reauthorizing TRIA before its December 31, 2020 expiration. If a project is financed with terrorism coverage that subsequently expires or dramatically increases in price, the lender's risk will increase and the value and profitability of the property will be threatened.

Community Development Incentives

CCIM supports community development tax incentives. Positive tax incentives to encourage healthy and sustainable development of both neighborhoods and viable older properties is a critical component to a robust commercial real estate sector. Investment in both the residential and commercial infrastructure of neighborhoods creates new demand for businesses and in turn fosters positive economic growth.

Historic Rehabilitation Tax Credit

CCIM Position

CCIM supports the Historic Rehabilitation Tax Credit, including improvements to the credit, and believes it is critical to the revitalization of older buildings and preserving historic structures, which both add to the character of our communities and preserve resources. The changes made by the Tax Cuts and Jobs Act, along with cutting the corporate tax rate, makes the historic rehab tax credit less valuable, although evidence from 2018 suggests that the tax credit is still highly demanded by both developers and investors.

Low-income Housing Tax Credit

CCIM Position

CCIM supports the incentives the Low-income Housing Tax Credits provide to developers to build affordable housing. CCIM supports legislative efforts to strengthen the program by simplifying and streamlining the program's requirements.

New Markets Tax Credits

CCIM Position

CCIM supports the New Market Tax Credit as a vital tool for encouraging investment in businesses within underserved communities. The tax credit will expire on December 31, 2019. CCIM supports legislation that would make the New Market Tax Credit permanent.

****Qualified Opportunity Zone Program***

CCIM Position

CCIM supports the Opportunity Zone program, as it incentivizes investment in economically-distressed census tracts by significantly deferring and excluding capital gains that are reinvested in designated census tracts. The program provides robust tax incentives to investors and has the potential to positively impact communities throughout the United States.

Environmental

CCIM Institute supports positive incentives to address the growing threat of global warming. CCIM Institute strongly supports positive incentives for energy conservation activities and programs like the Brownfields program, which cleans up and supports sustainable land use, the Energy Star Buildings Program and the Section 179D deduction to incent energy efficiency in commercial buildings.

Brownfield Redevelopment

CCIM Position

CCIM supports the Brownfields Program as an essential tool for encouraging the decontamination and redevelopment of brownfields sites. CCIM supports the former federal brownfields tax incentive and urges the reintroduction of such an incentive. CCIM opposes holding a present property owner liable for the actions of a former property owner. The federal government should continue to provide adequate funding for the clean-up and redevelopment of our nation's brownfields sites and enhance the cost recovery and environmental remediation and clean-up expenditures by providing either current deductions or short amortization period for those costs.

Energy Star Buildings Program

CCIM Position

CCIM supports positive incentives to improve energy efficiency in commercial buildings and encourages commercial property owners to voluntarily participate in the Energy Star Buildings Program.

Section 179D

CCIM Position

The 179D deduction is an essential tool for encouraging commercial building owners to improve their building's energy efficiency. For the deduction to be most useful, it must be made permanent, so that commercial building owners can optimize their investment and improvement plans. Short-term reauthorization does not provide the certainty and timing to allow building owners to take full advantage of the deduction. CCIM supports the long-term extension or making permanent the Section 179D deduction.

Finance and Credit

CCIM supports policies that encourage economic growth and sustain a healthy real estate sector, including access to capital and policies that incentivize robust and responsible investment.

EB-5 Regional Center Program

CCIM Position

CCIM supports the reform and reauthorization of the EB-5 Regional Center Program, including reforms to address national security concerns and combat fraud.

Government Sponsored Enterprises (GSE) Reform

CCIM Position

The secondary mortgage market is critical to the stability of multi-family housing and necessary to continue to meet the ongoing demand for rental housing. GSEs have provided liquidity in this market and allowed housing providers to keep up with rental housing demand. CCIM believes the role of the government in the secondary mortgage market is necessary for a fully-functioning mortgage market for multi-family properties. CCIM supports GSE reforms that preserve what works in the current system while also protecting the taxpayer.

HVCRE Reforms

CCIM Position

CCIM supports this clarification of the High Volatility Commercial Real Estate loan definition to ensure the fair treatment of impacted loans and properties.

SBA Loans

CCIM Position

CCIM supports the SBA loan programs, including the recent changes to the 7(a) program that should increase program capacity and allow more businesses to receive financing.

Infrastructure

A healthy physical infrastructure system is essential to a thriving real estate sector. High quality infrastructure systems, including transportation, water, utilities and telecommunications, are a crucial factor influencing real estate investment throughout the United States. CCIM supports investment and improvement in our infrastructure quality and views it as imperative to maintaining economic competitiveness in today's global economy.

Transportation Infrastructure

CCIM Position

CCIM supports increased investment in transportation infrastructure. CCIM believes the federal gas tax, must be raised and indexed for inflation in order to ensure the effectiveness and sustainability of the Highway Trust Fund.

Water Infrastructure

CCIM Position

CCIM supports legislation to increase investment dollars for critical water infrastructure systems within the United States.

Tax Policy

CCIM supports tax policies that acknowledge the risk involved in investing in real estate and that support and incent investment and responsible development, which is good for both CCIM members and the United States economy.

1031 Exchanges

The 1031 Like-Kind Exchange is an integral part of a CCIM's transaction portfolio. Therefore, every phase of the transaction should be retained. The CCIM Institute opposes any federal regulatory or legislative action that jeopardizes the ability of investors to partake in this tax-deferred real property transaction. Safeguards should be available to protect the real estate investor's assets during every phase of the transaction, particularly during the phase when the qualified intermediary holds property and funds on behalf of the investor. CCIM opposes any regulation or legislation that would render the transaction more difficult for investors.

Indexing of Capital Gains for Inflation

Position Statement

CCIM Institute believes that it is in our nation's best interest for Congress to encourage real estate investment by creating a tax system that recognizes inflation and creates a meaningful differential between the tax rates for ordinary income and those for capital gains. CCIM supports indexing capital gains for inflation.

Carried Interest

Position Statement

CCIM Institute opposes any proposal that would eliminate capital gains treatment for any carried interest of a real estate partnership.

Internet Sales Taxation (South Dakota v. Wayfair)

Position Statement

The CCIM Institute believes that economically equivalent transactions should bring similar tax consequences and supports a level playing field for local in-store retailers and remote/internet merchants. The CCIM Institute believes that loss of revenue due to failure to collect sales tax on goods sold over the Internet places pressure on state and local governments to find replacement revenue in the form of increased property taxes, income taxes, transfer taxes and/or impact fees. CCIM agrees with the *South Dakota v. Wayfair* holding that a physical nexus should not be required for the taxation of online sales purchases.

Pass-Through Treatment

Position Statement

CCIM Institute supports the Section 199A deduction for certain business-related income and encourages Congress to make the deduction a permanent part of the tax code.

Technology Policy

New technologies have the potential to revolutionize the commercial real estate industry, through facilitating the sharing and securing of transactional data and analysis. CCIM supports policies that facilitate the development of such technologies and protect consumers, without over-burdening professionals and businesses with unnecessarily cumbersome regulations

Blockchain

CCIM Position

CCIM supports the development and utilization of blockchain, because it could improve the transparency and efficiency of transactions and could create new models of investment opportunity.

Data Security:

Position Statement

CCIM supports the standardization of data security laws to better streamline rules and facilitate compliance. CCIM believes protecting the consumer's personal information should be a top priority and supports policies that encourage reasonable data privacy and security safeguards. CCIM believes data privacy laws should be narrowly tailored to avoid burdening small businesses that lack the compliance resources of larger firms. CCIM also supports legislation to assist businesses in their efforts to improve data security for both their clients and employees.

CCIM recommends its members implement data security policies and communicate these policies to its clients. CCIM also recommends its members only request personal data that is necessary for a transaction or required by law.

Net Neutrality

Position Statement

CCIM Institute believes that net neutrality is integral to a nondiscriminatory commercial real estate market and allowing small business to compete with larger firms on the internet. CCIM supports legislation protecting net neutrality.

Use of Unmanned Aerial Systems (Drones)

Position Statement

CCIM supports federal regulations that allow for the commercial use of drones, while ensuring for safety and addressing privacy concerns, and believes drones provide a valuable tool for commercial real estate professionals.