NATIONAL ASSOCIATION OF
REAL ESTATE INVESTMENT TRUSTS®

April 24, 2008

The Honorable Claire Levy
Assistant Majority Caucus Chair
Colorado State Representative
200 E. Colfax Avenue
Denver, CO 80203

Re: H.B. 1408: Additional Requirements to Verify the Validity of Transactions Related to Real Estate Investment Trusts (REITs)

Dear Representative Levy:

The National Association of Real Estate Investment Trusts (NAREIT)® thanks you for the opportunity to provide this letter in support of H.B. 1408, relating to “captive REITs.” NAREIT is the representative voice of United States REITs and publicly traded real estate companies worldwide. Our members include REITs and other public businesses that own, operate, and finance income-producing real estate, as well as those firms and individuals that advise, study, and service these businesses.

Our latest data indicates that more than 60 publicly traded and widely-held REITs have invested over $5 billion in Colorado apartment communities, shopping centers, office complexes, storage and health care facilities, hotels, and other properties. As of December 31, 2007, 152 publicly traded REITs had a total market capitalization of over $312 billion. Investors have benefited from owning REITs: the 35-year compound annual return for the period ending December 31, 2007 of the S&P 500 stock index was 10.97%, while that of equity REITs was 13.16%.

NAREIT recognizes Colorado’s interest in adopting legislation that would limit any inappropriate use of REITs by potentially denying the dividends paid deduction (DPD) in certain cases, but we believe that any such legislation should be narrowly tailored to prevent application to legitimate business transactions. NAREIT supports H.B. 1408 because it specifically addresses the potential taxation of “captive REITs” and their affiliates without affecting the tax treatment of widely held and/or publicly traded REITs.

Thank you again for providing us this opportunity to comment in support of H.B. 1408.

Sincerely,

Tony M. Edwards
Executive Vice President & General Counsel

1875 I Street, NW, Suite 600, Washington, D.C. 20006-5413
Phone 202-739-9400 Fax 202-739-9401 www.nareit.com