



February 23, 2026

The Honorable Scott Bessent  
Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Ave. NW  
Washington, DC 20220

Dear Secretary Bessent:

NAIOP, the Commercial Real Estate Development Association is the leading trade association for real estate developers, owners, investors and asset managers in office, industrial, retail, and mixed-use real estate. On behalf of our more than 22,000 members in 51 local chapters across the United States, I am writing to request that the Treasury Department and Internal Revenue Service (IRS) move quickly to issue guidance clarifying the availability of the expanded bonus depreciation provisions of the One Big Beautiful Bill Act (OBBBA) to certain real estate businesses.

Specifically, our members are seeking guidance confirming the ability of a real property trade or business (RPTOB) to modify a prior election made under Section 163(j)(7)(B) that would, unintentionally in our view, prevent these businesses from benefitting from the bonus depreciation provisions of OBBBA. That election involved the TCJA's limitations on business interest deductibility and required an RPTOB to use the alternative depreciation system depending on their election. As such, the expanded bonus depreciation would not be available.

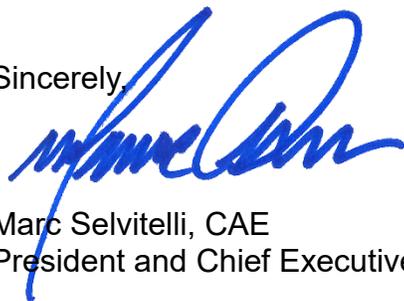
We believe this would be an unintended result, as the restoration of 100 percent expensing for capital expenditures, including property improvements, is one of the most meaningful and potentially impactful provisions of OBBBA.

Treasury and the IRS do have the ability to issue guidance addressing the issue based on prior precedent. The Coronavirus Aid, Relief, and Economic Stability Act of 2020 (CARES Act) temporarily modified TCJA's section 163(j) to reduce the possibility that a taxpayer's business interest deduction would be limited under the provision and made qualified improvement property eligible for bonus depreciation. A subsequent IRS guidance granted an extension of time to make or retroactively withdraw a prior election. It is our hope that Treasury and the IRS will provide similar relief under OBBBA and issue the needed guidance expeditiously, to ensure that accurate tax filings can be completed for 2025.

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Thank you for your consideration of this request. Should you have any questions or need additional information, please contact Aquiles Suarez, NAIOP Senior Vice President for Government Affairs (suarez@naiop.org), or Eric Schmutz, NAIOP Senior Director of Federal Relations (schmutz@naiop.org).

Sincerely,



Marc Selvitelli, CAE  
President and Chief Executive Officer

Cc: The Honorable Kenneth J. Kies  
Assistant Secretary of Treasury for Tax Policy  
Chief Counsel (Acting), Internal Revenue Service