

LEGISLATIVE HISTORY CHECKLIST

NJSA: 54:10A-4 et al (Real estate investment trusts-- permit corporate from of operation)

LAWS OF: 1989 **CHAPTER:** 59

BILL NO: S2256

SPONSOR(S): Van Wagner & Gagliano

Date Introduced: March 21, 1988

Committee: **Assembly:** Financial Institutions
Senate: Labor, Industry and Professions

Amended during passage: No

Date of Passage: Assembly: February 23, 1989

Senate: October 17, 1988

Date of Approval: April 17, 1989

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: No

Following were printed:

Reports: No

Hearings: No

RDV

1 **AN ACT** concerning real estate investment trusts and amending
the Corporation Business Tax Act (1945), P.L. 1945, c. 162.

3

BE IT ENACTED by the Senate and General Assembly of the
5 *State of New Jersey*:

7 1. Section 4 of P.L. 1945, c. 162 (C. 54:10A-4) is amended to
read as follows:

9 4. For the purposes of this act, unless the context requires a
different meaning:

11 (a) "Commissioner" shall mean the Director of the Division of
Taxation of the State Department of the Treasury.

13 (b) "Allocation factor" shall mean the proportionate part of a
taxpayer's net worth or entire net income used to determine a
measure of its tax under this act.

15 (c) "Corporation" shall mean any corporation, joint-stock
company or association and any business conducted by a trustee
17 or trustees wherein interest or ownership is evidenced by a
certificate of interest or ownership or similar written instrument.

19 (d) "Net worth" shall mean the aggregate of the values
disclosed by the books of the corporation for (1) issued and
21 outstanding capital stock, (2) paid-in or capital surplus, (3) earned
surplus and undivided profits, and (4) surplus reserves which can
23 reasonably be expected to accrue to holders or owners of
equitable shares, not including reasonable valuation reserves,
25 such as reserves for depreciation or obsolescence or depletion.
Notwithstanding the foregoing, net worth shall not include any
27 deduction for the amount of the excess depreciation described
in paragraph (2)(F) of subsection (k) of this section. The foregoing
29 aggregate of values shall be reduced by 50% of the amount
disclosed by the books of the corporation for investment in the
31 capital stock of one or more subsidiaries, which investment is
defined as ownership (1) of at least 80% of the total combined
33 voting power of all classes of stock of the subsidiary entitled to
vote and (2) of at least 80% of the total number of shares of all
35 other classes of stock except nonvoting stock which is limited and

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the
above bill is not enacted and is intended to be omitted in the law

Matter underlined thus is new matter

1 preferred as to dividends. In the case of investment in an entity
2 organized under the laws of a foreign country, the foregoing
3 requisite degree of ownership shall effect a like reduction of such
4 investment from net worth of the taxpayer, if the foreign entity
5 is considered a corporation for any purpose under the United
6 States federal income tax laws, such as (but not by way of sole
7 examples) for the purpose of supplying deemed paid foreign tax
8 credits or for the purpose of status as a controlled foreign
9 corporation. In calculating the net worth of a taxpayer entitled
10 to reduction for investment in subsidiaries, the amount of
11 liabilities of the taxpayer shall be reduced by such proportion of
12 the liabilities as corresponds to the ratio which the excluded
13 portion of the subsidiary values bears to the total assets of the
14 taxpayer.

15 In the case of banking corporations which have international
16 banking facilities as defined in subsection (n), the foregoing
17 aggregate of values shall also be reduced by retained earnings of
18 the international banking facility. Retained earnings means the
19 earnings accumulated over the life of such facility and shall not
20 include the pro rata share of dividends paid and federal income
21 taxes paid or payable during the tax year.

If in the opinion of the commissioner, the corporation's books
22 do not disclose fair valuations the commissioner may make a
23 reasonable determination of the net worth which, in his opinion,
24 would reflect the fair value of the assets, exclusive of subsidiary
25 investments as defined aforesaid, carried on the books of the
26 corporation, in accordance with sound accounting principles, and
27 such determination shall be used as net worth for the purpose of
28 this act.

(e) "Indebtedness owing directly or indirectly" shall include,
29 without limitation thereto, all indebtedness owing to any
30 stockholder or shareholder and to members of his immediate
31 family where a stockholder and members of his immediate family
32 together or in the aggregate own 10% or more of the aggregate
33 outstanding shares of the taxpayer's capital stock of all classes.

(f) "Investment company" shall mean any corporation whose
34 business during the period covered by its report consisted, to the
35 extent of at least 90% thereof of holding, investing and
36 reinvesting in stocks, bonds, notes, mortgages, debentures,

1 patents, patent rights and other securities for its own account,
2 but this shall not include any corporation which: (1) is a
3 merchant or a dealer of stocks, bonds and other securities,
4 regularly engaged in buying the same and selling the same to
5 customers; or (2) had less than 90% of its average gross assets in
6 New Jersey, at cost, invested in stocks, bonds, debentures,
7 mortgages, notes, patents, patent rights or other securities or
8 consisting of cash on deposit during the period covered by its
9 report; or (3) is a banking corporation or a financial business
10 corporation as defined in the Corporation Business Tax Act.

11 (g) "Regulated investment company" shall mean any
12 corporation which for a period covered by its report, is registered
13 and regulated under the Investment Company Act of 1940 (54
14 Stat. 789), as amended.

15 (h) "Taxpayer" shall mean any corporation required to report
16 or to pay taxes, interest or penalties under this act.

17 (i) "Fiscal year" shall mean an accounting period ending on any
18 day other than the last day of December on the basis of which the
19 taxpayer is required to report for federal income tax purposes.

20 (j) Except as herein provided, "privilege period" shall mean the
21 calendar or fiscal accounting period for which a tax is payable
22 under this act.

23 (k) "Entire net income" shall mean total net income from all
24 sources, whether within or without the United States, and shall
25 include the gain derived from the employment of capital or labor,
26 or from both combined, as well as profit gained through a sale or
27 conversion of capital assets. For the purpose of this act, the
28 amount of a taxpayer's entire net income shall be deemed prima
29 facie to be equal in amount to the taxable income, before net
30 operating loss deduction and special deductions, which the
31 taxpayer is required to report to the United States Treasury
32 Department for the purpose of computing its federal income tax,
33 provided, however, that in the determination of such entire net
34 income,

35 (1) Entire net income shall exclude for the periods set forth in
36 paragraph (2)(F)(i) of this subsection, any amount, except with
37 respect to qualified mass commuting vehicles as described in
38 section 168(f)(8)(D)(v) of the Internal Revenue Code as in effect
39 immediately prior to January 1, 1984, which is included in a

1 taxpayer's federal taxable income solely as a result of an
election made pursuant to the provisions of paragraph (8) of that
3 section.

5 (2) Entire net income shall be determined without the
exclusion, deduction or credit of:

7 (A) The amount of any specific exemption or credit allowed in
any law of the United States imposing any tax on or measured by
the income of corporations;

9 (B) Any part of any income from dividends or interest on any
kind of stock, securities or indebtedness, except as provided in
11 paragraph (5) of subsection (k) of this section;

13 (C) Taxes paid or accrued to the United States on or measured
by profits or income, or the tax imposed by this act, or any tax
paid or accrued with respect to subsidiary dividends excluded
15 from entire net income as provided in paragraph (5) of subsection
(k) of this section;

17 (D) (Deleted by amendment, P.L. 1985, c. 143.)

19 (E) 90% of interest on indebtedness owing directly or
indirectly to holders of 10% or more of the aggregate outstanding
shares of the taxpayer's capital stock of all classes, except that
21 such interest may, in any event, be deducted

(i) Up to an amount not exceeding \$1,000.00;

23 (ii) In full to the extent that it relates to bonds or other
evidences of indebtedness issued, with stock, pursuant to a bona
25 fide plan of reorganization, to persons, who, prior to such
reorganization, were bona fide creditors of the corporation or its
27 predecessors, but were not stockholders or shareholders thereof.

(iii) In full to the extent that it relates to debt of a financial
29 business corporation owed to an affiliate corporation, provided
that such interest rate does not exceed 2% over prime rate; the
31 prime rate to be determined by the Commissioner of Banking.

(iv) In full to the extent that it relates to financing of motor
33 vehicle inventory held for sale to customers, provided said
indebtedness is owed to a taxpayer customarily and routinely
35 providing this type of financing.

(v) In full to the extent it relates to debt of a banking
37 corporation to a bank holding company, of which the banking
corporation is a subsidiary, or to a debt of a banking corporation
39 to another banking corporation with respect to federal funds

1 transactions governed by section 23A of the Federal Reserve Act
2 (12 U.S.C. § 371c.) when both banking corporations are
3 subsidiaries of the same bank holding company, as defined in 12
4 U.S.C. § 1841.

5 (F)(i) The amount by which depreciation reported to the United
6 States Treasury Department for property placed in service on and
7 after January 1, 1981, for purposes of computing federal taxable
8 income in accordance with section 168 of the Internal Revenue
9 Code in effect after December 31, 1980 exceeds the amount of
10 depreciation determined in accordance with the Internal Revenue
11 Code provisions in effect prior to January 1, 1981, but only with
12 respect to a taxpayer's accounting period ending after December
13 31, 1981; provided, however, that where a taxpayer's accounting
14 period begins in 1981 and ends in 1982, no modification shall be
15 required with respect to this paragraph (F) for the report filed for
16 such period with respect to property placed in service during that
17 part of the accounting period which occurs in 1981.

18 (ii) For the periods set forth in subparagraph (F)(i) of this
19 subsection, any amount, except with respect to qualified mass
20 commuting vehicles as described in section 168(F)(8)(D) (v) of the
21 Internal Revenue Code as in effect immediately prior to January
22 1, 1981, which the taxpayer claimed as a deduction in computing
23 federal income tax pursuant to a qualified lease agreement under
24 paragraph (8) of that section.

25 The director shall promulgate rules and regulations necessary
26 to carry out the provisions of this section, which rules shall
27 provide, among others, the manner in which the remaining life of
28 property shall be reported.

29 (3) The commissioner may, whenever necessary to properly
30 reflect the entire net income of any taxpayer, determine the year
31 or period in which any item of income or deduction shall be
32 included, without being limited to the method of accounting
33 employed by the taxpayer.

34 (4) There shall be allowed as a deduction from entire net
35 income of a banking corporation, to the extent not deductible in
36 determining federal taxable income, the eligible net income of an
37 international banking facility determined as follows:

38 (A) The eligible net income of an international banking facility
39 shall be the amount remaining after subtracting from the eligible

1 gross income the applicable expenses:

3 (B) Eligible gross income shall be the gross income derived by
an international banking facility, which shall include, but not be
limited to, gross income derived from:

5 (i) Making, arranging for, placing or carrying loans to foreign
persons, provided, however, that in the case of a foreign person
7 which is an individual, or which is a foreign branch of a domestic
corporation (other than a bank), or which is a foreign corporation
9 or foreign partnership which is controlled by one or more
domestic corporations (other than banks), domestic partnerships
11 or resident individuals, all the proceeds of the loan are for use
outside of the United States:

13 (ii) Making or placing deposits with foreign persons which are
banks or foreign branches of banks (including foreign subsidiaries)
15 or foreign branches of the taxpayers or with other international
banking facilities; or

17 (iii) Entering into foreign exchange trading or hedging
transactions related to any of the transactions described in this
19 paragraph:

(iv) Such other activities as an international banking facility
21 may, from time to time, be authorized to engage in:

(C) Applicable expenses shall be any expense or other
23 deductions attributable, directly or indirectly, to the eligible
gross income described in subparagraph (B) of this paragraph.

25 (5) Entire net income shall exclude 100% of dividends which
were included in computing such taxable income for federal
27 income tax purposes, paid to the taxpayer by one or more
subsidiaries owned by the taxpayer to the extent of the 80% or
29 more ownership of investment described in subsection (d) of this
section. With respect to other dividends, entire net income shall
31 not include 50% of the total included in computing such taxable
income for federal income tax purposes.

33 (6)(A) Net operating loss deduction. There shall be allowed as a
deduction for the taxable year the net operating loss carryover to
35 that year.

(B) Net operating loss carryover. A net operating loss for any
37 taxable year ending after June 30, 1984 shall be a net operating
loss carryover to each of the seven years following the year of
49 the loss. The entire amount of the net operating loss for any

1 taxable year (the "loss year") shall be carried to the earliest of
2 the taxable years to which the loss may be carried. The portion
3 of the loss which shall be carried to each of the other taxable
4 years shall be the excess, if any, of the amount of the loss over
5 the sum of the entire net income, computed without the
6 exclusions permitted in paragraphs (4) and (5) of this subsection
7 or the net operating loss deduction provided by subparagraph (A)
8 of this paragraph, for each of the prior taxable years to which the
9 loss may be carried.

10 (C) Net operating loss. For purposes of this paragraph the
11 term "net operating loss" means the excess of the deductions
12 over the gross income used in computing entire net income
13 without the net operating loss deduction provided for in
14 subparagraph (A) of this paragraph and the exclusions in
15 paragraphs (4) and (5) of this subsection.

16 (D) Change in ownership. Where there is a change in 50% or
17 more of the ownership of a corporation because of redemption or
18 sale of stock and the corporation changes the trade or business
19 giving rise to the loss, no net operating loss sustained before the
20 changes may be carried over to be deducted from income earned
21 after such changes. In addition where the facts support the
22 premise that the corporation was acquired under any
23 circumstances for the primary purpose of the use of its net
24 operating loss carryover, the director may disallow the carryover.

25 (l) "Real estate investment trust" shall mean any
26 [unincorporated trust or unincorporated] corporation, trust or
27 association qualifying and electing to be taxed as a real estate
28 investment trust under federal law.

29 (m) "Financial business corporation" shall mean any corporate
30 enterprise which is (1) in substantial competition with the
31 business of national banks and which (2) employs moneyed capital
32 with the object of making profit by its use as money, through
33 discounting and negotiating promissory notes, drafts, bills of
34 exchange and other evidences of debt; buying and selling
35 exchange; making of or dealing in secured or unsecured loans and
36 discounts; dealing in securities and shares of corporate stock by
37 purchasing and selling such securities and stock without recourse,
38 solely upon the order and for the account of customers; or
39 investing and reinvesting in marketable obligations evidencing

1 indebtedness of any person, copartnership, association or
corporation in the form of bonds, notes or debentures commonly
3 known as investment securities; or dealing in or underwriting
obligations of the United States, any state or any political
5 subdivision thereof, or of a corporate instrumentality of any of
them. This shall include, without limitation of the foregoing,
7 business commonly known as industrial banks, dealers in
commercial paper and acceptances, sales finance, personal
9 finance, small loan and mortgage financing businesses, as well as
any other enterprise employing moneyed capital coming into
11 competition with the business of national banks; provided that the
holding of bonds, notes, or other evidences of indebtedness by
13 individual persons not employed or engaged in the banking or
investment business and representing merely personal
15 investments not made in competition with the business of
national banks, shall not be deemed financial business. Nor shall
17 "financial business" include national banks, production credit
associations organized under the Farm Credit Act of 1933 or the
19 Farm Credit Act of 1971, Pub.L. 92-181 (12 U.S.C. § 2091 et
seq.), stock and mutual insurance companies duly authorized to
21 transact business in this State, security brokers or dealers or
investment companies or bankers not employing moneyed capital
23 coming into competition with the business of national banks, real
estate investment trusts, or any of the following entities
25 organized under the laws of this State: credit unions, savings
banks, savings and loan and building and loan associations,
27 pawnbrokers, and State banks and trust companies.

(n) "International banking facility" shall mean a set of asset
29 and liability accounts segregated on the books and records of a
depository institution, United States branch or agency of a
31 foreign bank, or an Edge or Agreement Corporation that includes
only international banking facility time deposits and international
33 banking facility extensions of credit as such terms are defined in
section 204.8(a)(2) and section 204.8(a)(3) of Regulation D of the
35 board of governors of the Federal Reserve System, 12 CFR Part
204, effective December 3, 1981. In the event that the United
37 States enacts a law, or the board of governors of the Federal
Reserve System adopts a regulation which amends the present
39 definition of international banking facility or of such facilities

1 time deposits or extensions of credit, the Commissioner of
Banking shall forthwith adopt regulations defining such terms in
3 the same manner as such terms are set forth in the laws of the
United States or the regulations of the board of governors of the
5 Federal Reserve System. The regulations of the Commissioner of
Banking shall thereafter provide the applicable definitions.

7 (cf: P.L.1985, c.468, s.1)

2. This act shall take effect immediately.

9

11

STATEMENT

13 This bill would enable real estate investment trusts
("REITs") in New Jersey to operate in corporate form. The
15 Internal Revenue Code allows states to authorize REITs to
operate as corporations, but, under current law, New Jersey
17 REITs may only operate as unincorporated trusts or
unincorporated associations.

19 Under the federal tax code, investors in REITs enjoy certain
tax benefits. To qualify for these tax benefits, a REIT must
21 derive its income almost exclusively from investment in real
estate, dividends and interest, and must hold property for at least
23 four years, in addition to other requirements.

REITs have been authorized under federal law to operate as
25 corporations (as an alternative to operating as trusts or
associations) since 1976, when a provision of the Internal Revenue
27 Code, set out in 26 U.S.C. §856, was amended to allow this
change. After the federal statute was amended, many states,
29 including New York, California and Florida, followed suit,
amending their state tax laws to allow REITs in their states to
31 incorporate. New Jersey has not yet done so.

This amendment would have several effects. Shareholders who
33 invest in a REIT that operates as a corporation would be entitled
to the limited liability granted to shareholders of all corporations
35 under State statute. In addition, allowing a REIT to operate in
corporate form would eliminate an area of uncertainty as to the
37 right of a REIT under current law to hold and convey title.
Finally, the amendment would allow the REIT trustees to adopt
39 an incorporated status, and they would then have only the duties

1 imposed by New Jersey law on all corporate directors.

3 The sponsor believes that the amendment would create a more
5 favorable environment for REITs in New Jersey, thus encouraging
7 their growth and expansion here.

9
7 **TAXATION**
Corporations

9 **Allows real estate investment trusts to operate as corporations.**

1 investment business and representing merely personal
investments not made in competition with the business of
3 national banks, shall not be deemed financial business. Nor shall
"financial business" include national banks, production credit
5 associations organized under the Farm Credit Act of 1933 or the
Farm Credit Act of 1971, Pub.L. 92-181 (12 U.S.C. § 2091 et
7 seq.), stock and mutual insurance companies duly authorized to
transact business in this State, security brokers or dealers or
9 investment companies or bankers not employing moneyed capital
coming into competition with the business of national banks, real
11 estate investment trusts, or any of the following entities
organized under the laws of this State: credit unions, savings
13 banks, savings and loan and building and loan associations,
pawbrokers, and State banks and trust companies.

15 (n) "International banking facility" shall mean a set of asset
and liability accounts segregated on the books and records of a
17 depository institution, United States branch or agency of a
foreign bank, or an Edge or Agreement Corporation that includes
19 only international banking facility time deposits and international
banking facility extensions of credit as such terms are defined in
21 section 204.8(a)(2) and section 204.8(a)(3) of Regulation D of the
board of governors of the Federal Reserve System, 12 CFR Part
23 204, effective December 3, 1981. In the event that the United
States enacts a law, or the board of governors of the Federal
25 Reserve System adopts a regulation which amends the present
definition of international banking facility or of such facilities'
27 time deposits or extensions of credit, the Commissioner of
Banking shall forthwith adopt regulations defining such terms in
29 the same manner as such terms are set forth in the laws of the
United States or the regulations of the board of governors of the
31 Federal Reserve System. The regulations of the Commissioner of
Banking shall thereafter provide the applicable definitions.

33 (cf: P.L.1985, c.468, s.1)

2. This act shall take effect immediately.

35

37 STATEMENT

39 This bill would enable real estate investment trusts
("REITs") in New Jersey to operate in corporate form. The
41 Internal Revenue Code allows states to authorize REITs to

1 operate as corporations, but, under current law, New Jersey
REITs may only operate as unincorporated trusts or
3 unincorporated associations.

Under the federal tax code, investors in REITs enjoy certain
5 tax benefits. To qualify for these tax benefits, a REIT must
derive its income almost exclusively from investment in real
7 estate, dividends and interest, and must hold property for at least
four years, in addition to other requirements.

9 REITs have been authorized under federal law to operate as
corporations (as an alternative to operating as trusts or
11 associations) since 1976, when a provision of the Internal Revenue
Code, set out in 26 U.S.C. §856, was amended to allow this
13 change. After the federal statute was amended, many states,
including New York, California and Florida, followed suit,
15 amending their state tax laws to allow REITs in their states to
incorporate. New Jersey has not yet done so.

17 This amendment would have several effects. Shareholders who
invest in a REIT that operates as a corporation would be entitled
19 to the limited liability granted to shareholders of all corporations
under State statute. In addition, allowing a REIT to operate in
21 corporate form would eliminate an area of uncertainty as to the
right of a REIT under current law to hold and convey title.
23 Finally, the amendment would allow the REIT trustees to adopt
an incorporated status, and they would then have only the duties
25 imposed by New Jersey law on all corporate directors.

The sponsor believes that the amendment would create a more
27 favorable environment for REITs in New Jersey, thus encouraging
their growth and expansion here.

29

31

TAXATION
Corporations

33

Allows real estate investment trusts to operate as corporations.

ASSEMBLY FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

SENATE, No. 2256

STATE OF NEW JERSEY

DATED: OCTOBER 27, 1988

The Assembly Financial Institutions Committee favorably reports Senate Bill No. 2256.

This bill would include, under the definition of "real estate investment trust" in the Corporation Business Tax Act (1945), P.L.1945, c.162 (C.54:10A-1 et seq.), real estate investment trusts that are formed as corporations. Currently only real estate investment trusts that are formed as unincorporated trusts or associations are included under that definition.

With this change in definition, real estate investment trusts which are incorporated will be taxed in the same manner under the Corporation Business Tax Act as real estate investment trusts formed as trusts or associations. This means that corporate real estate investment trusts will be taxed, at the current 9% rate, on 4% of their net income instead of on their total net income.

It appears that real estate investment trusts formed as corporations have not been established in New Jersey because of its current tax laws.

A real estate investment trust is a special form of real estate ownership which permits a widely held entity to own real estate and pass through the income to its owners without the entity incurring a tax. Under the federal tax code, investors in real estate investment trusts (REITs) enjoy certain tax benefits. If, in addition to other requirements, a REIT derives its income almost exclusively from investment in real estate, and holds its property for at least four years, it is not taxed under the federal tax code as a corporation. In short, a REIT becomes a non-taxable conduit for real estate investments and the investors are the only ones taxed on the profits and capital gains from the investments.

REITs have been authorized under federal law to operate as corporations (as an alternative to operating as trusts or associations) since 1976, when a provision of the Internal Revenue Code, set out in

26 U.S.C. §856, was amended to allow this change. After the federal statute was amended, many states, including New York, California and Florida, followed suit, amending their state tax laws to allow corporate REITs in their state to operate on the same basis as REITs formed as trusts or associations.

SENATE LABOR, INDUSTRY AND PROFESSIONS COMMITTEE

STATEMENT TO

SENATE, No. 2256

STATE OF NEW JERSEY

DATED: SEPTEMBER 19, 1988

The Senate Labor, Industry and Professions Committee reports favorably Senate Bill No. 2256.

This bill includes real estate investment trusts that are incorporated under the definition of "real estate investment trust" in the Corporation Business Tax Act (1945), P.L.1945, c.162 (C.54:10A-1 et seq.). Currently only real estate investment trusts that are formed as trusts or associations are included under that definition.

With this change in definition, real estate investment trusts which are incorporated will be taxed in the same manner under the Corporation Business Tax Act as real estate investment trusts formed as trusts or associations. This means that corporate real estate investment trusts will be taxed, at the current 9% rate, on 4% of their entire net income instead of on their total net income.

It appears that real estate investment trusts formed as corporations have not been established in New Jersey because of its current tax laws.

Under the federal tax code, investors in real estate investment trusts (REITs) enjoy certain tax benefits. If, in addition to other requirements, a REIT derives its income almost exclusively from investment in real estate, and holds its property for at least four years, it is not taxed under the federal tax code as a corporation. In short, a REIT becomes a non-taxable conduit for real estate investments and the investors are the only ones taxed on the profits and capital gains of the investments.

REITs have been authorized under federal law to operate as corporations (as an alternative to operating as trusts or associations) since 1976, when a provision of the Internal Revenue Code, set out in 26 U.S.C. §856, was amended to allow this change. After the federal statute was amended, many states, including New York, California and Florida, followed suit, amending their state tax laws to allow corporate REITs in their state to operate on the same basis as REITs formed as trusts or associations.