

109TH CONGRESS
2^D SESSION

S. 3806

To amend the Internal Revenue Code of 1986 to provide a shorter recovery period for the depreciation of certain improvements to retail space.

IN THE SENATE OF THE UNITED STATES

AUGUST 3, 2006

Ms. SNOWE (for herself, Mrs. LINCOLN, Mrs. HUTCHISON, and Mr. KERRY) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide a shorter recovery period for the depreciation of certain improvements to retail space.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. RECOVERY PERIOD FOR DEPRECIATION OF**
4 **CERTAIN IMPROVEMENTS TO RETAIL SPACE.**

5 (a) 15-YEAR RECOVERY PERIOD.—Subparagraph
6 (E) of section 168(e)(3) of the Internal Revenue Code of
7 1986 (relating to 15-year property) is amended by striking
8 “and” at the end of clause (vii), by striking the period

1 at the end of clause (viii) and inserting “, and”, and by
 2 adding at the end the following new clause:

3 “(ix) any qualified retail improvement
 4 property.”.

5 (b) QUALIFIED RETAIL IMPROVEMENT PROPERTY.—

6 Subsection (e) of section 168 of such Code is amended
 7 by adding at the end the following new paragraph:

8 “(8) QUALIFIED RETAIL IMPROVEMENT PROP-
 9 ERTY.—

10 “(A) IN GENERAL.—The term ‘qualified
 11 retail improvement property’ means any im-
 12 provement to an interior portion of a building
 13 which is nonresidential real property if—

14 “(i) such portion is open to the gen-
 15 eral public and is used in the trade or
 16 business of selling tangible personal prop-
 17 erty or services to the general public; and

18 “(ii) such improvement is placed in
 19 service more than 3 years after the date
 20 the building was first placed in service.

21 “(B) CERTAIN IMPROVEMENTS NOT IN-
 22 CLUDED.—Such term shall not include any im-
 23 provement for which the expenditure is attrib-
 24 utable to—

25 “(i) the enlargement of the building,

1 “(ii) any elevator or escalator, or

2 “(iii) the internal structural frame-
3 work of the building.”.

4 (c) REQUIREMENT TO USE STRAIGHT LINE METH-
5 OD.—Paragraph (3) of section 168(b) of such Code is
6 amended by adding at the end the following new subpara-
7 graph:

8 “(I) Qualified retail improvement property
9 described in subsection (e)(8).”.

10 (d) ALTERNATIVE SYSTEM.—The table contained in
11 section 168(g)(3)(B) of such Code is amended by inserting
12 after the item relating to subparagraph (E)(viii) the fol-
13 lowing new item:

“(E)(ix) 39”.

14 (e) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to qualified retail improvement
16 property placed in service after the date of the enactment
17 of this Act.

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