

117TH CONGRESS
2D SESSION

H. R. 7229

To amend the Internal Revenue Code of 1986 to modify the depreciation of nonresidential real property and residential rental property.

IN THE HOUSE OF REPRESENTATIVES

MARCH 24, 2022

Mrs. WALORSKI (for herself, Mr. BANKS, Mr. SMITH of Nebraska, Mrs. MILLER of West Virginia, Mr. CRAWFORD, Mr. CAWTHORN, Mr. BAIRD, Ms. MACE, Ms. VAN DUYN, Mr. RESCHENTHALER, and Mr. PERRY) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to modify the depreciation of nonresidential real property and residential rental property.

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. SHORT TITLE.**

4 This Act may be cited as the “Renewing Investment
5 in American Workers and Supply Chains Act”.

1 **SEC. 2. MODIFICATION OF DEPRECIATION OF NONRESI-**
2 **DENTIAL REAL PROPERTY AND RESIDENTIAL**
3 **RENTAL PROPERTY.**

4 (a) 20-YEAR RECOVERY PERIOD.—

5 (1) IN GENERAL.—Section 168(e)(3)(F) of the
6 Internal Revenue Code of 1986 is amended to read
7 as follows:

8 “(F) 20-YEAR PROPERTY.—The term ‘20-
9 year property’ means—

10 “(i) initial clearing and grading land
11 improvements with respect to any electric
12 utility transmission and distribution plant,

13 “(ii) any nonresidential real property,
14 and

15 “(iii) any residential rental property.”.

16 (2) BONUS DEPRECIATION NOT APPLICABLE.—
17 Section 168(k)(2)(A)(i)(I) of such Code is amended
18 by inserting “(other than nonresidential real prop-
19 erty and residential rental property)” before the
20 comma at the end.

21 (3) CONFORMING AMENDMENT.—The table con-
22 tained in section 168(e) of such Code is amended—

23 (A) by striking the row relating to residen-
24 tial rental property, and

25 (B) by striking the row relating to nonresi-
26 dential real property.

1 (b) ADJUSTMENT OF DEDUCTION TO PROVIDE NEU-
2 TRAL COST RECOVERY.—Section 168 of such Code is
3 amended by adding at the end the following new sub-
4 section:

5 “(n) NEUTRAL COST RECOVERY FOR NONRESIDEN-
6 TIAL REAL PROPERTY AND RESIDENTIAL RENTAL PROP-
7 ERTY.—

8 “(1) IN GENERAL.—The deduction otherwise
9 provided under section 167(a) with respect to non-
10 residential real property and residential rental prop-
11 erty for any taxable year shall be equal to the prod-
12 uct of such amount (determined without regard to
13 this subsection) multiplied by the applicable neutral
14 cost recovery ratio with respect to such property for
15 such taxable year.

16 “(2) NEUTRAL COST RECOVERY RATIO.—For
17 purposes of paragraph (1), the term ‘applicable neu-
18 tral cost recovery ratio’ means, with respect to any
19 property for any taxable year, the product (not less
20 than 1 and rounded to the nearest 0.001) of—

21 “(A) the quotient of—

22 “(i) the gross domestic product
23 deflator (as determined by the Bureau of
24 Economic Analysis) for the calendar quar-
25 ter ending in such taxable year which cor-

1 responds to the calendar quarter during
2 which such property was placed in service
3 by the taxpayer, divided by

4 “(ii) the gross domestic product
5 deflator (as determined by the Bureau of
6 Economic Analysis) for the calendar quar-
7 ter during which such property was placed
8 in service by the taxpayer, multiplied by

9 “(B) 1.03 to the n th power, where ‘ n ’ is
10 the number of full years in the period beginning
11 on the 1st day of the calendar quarter during
12 which such property was placed in service by
13 the taxpayer and ending on the day before the
14 beginning of the corresponding calendar quarter
15 ending during such taxable year.

16 “(3) APPLICATION TO PROPERTY PLACED IN
17 SERVICE BEFORE DATE OF ENACTMENT.—In the
18 case of nonresidential real property or residential
19 rental property which is placed in service before the
20 date of enactment of this subsection, subparagraphs
21 (A)(i), (A)(ii), and (B) of paragraph (2) shall each
22 be applied by substituting ‘calendar quarter which
23 includes the date of enactment of this subsection’ for
24 ‘calendar quarter during which such property was
25 placed in service by the taxpayer’.

1 “(4) ADDITIONAL DEDUCTION NOT TO AFFECT
2 BASIS OR RECAPTURE.—

3 “(A) IN GENERAL.—The additional
4 amount determined under this section by reason
5 of this subsection shall not be taken into ac-
6 count in determining the adjusted basis of any
7 applicable property or of any interest in a pass-
8 thru entity which holds such property and shall
9 not be treated as a deduction for depreciation
10 for purposes of sections 1245 and 1250.

11 “(B) PASS-THRU ENTITY DEFINED.—For
12 purposes of subparagraph (A), the term ‘pass-
13 thru entity’ means—

14 “(i) a regulated investment company,

15 “(ii) a real estate investment trust,

16 “(iii) an S corporation,

17 “(iv) a partnership,

18 “(v) an estate or trust, and

19 “(vi) a common trust fund.”.

20 (c) EFFECTIVE DATES.—

21 (1) 20-YEAR RECOVERY PERIOD.—The amend-
22 ments made by subsection (a) shall apply to prop-
23 erty placed in service after the date of the enactment
24 of this Act, in taxable years ending after such date.

1 (2) NEUTRAL COST RECOVERY.—The amend-
2 ments made by subsection (b) shall apply to taxable
3 years ending after the date of the enactment of this
4 Act.

○