

110TH CONGRESS
1ST SESSION

H. R. 2014

To amend the Internal Revenue Code of 1986 to permanently extend the 15-year recovery period for the depreciation of certain leasehold improvements and to modify the depreciation rules relating to such leasehold improvements for purposes of computing earnings and profits.

IN THE HOUSE OF REPRESENTATIVES

APRIL 24, 2007

Mr. CROWLEY (for himself and Mr. WELLER of Illinois) 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 permanently extend the 15-year recovery period for the depreciation of certain leasehold improvements and to modify the depreciation rules relating to such leasehold improvements for purposes of computing earnings and profits.

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 “Leasehold Improve-
5 ment Depreciation Act of 2007”.

1 **SEC. 2. PERMANENT EXTENSION AND MODIFICATION OF**
 2 **DEPRECIATION RULES RELATING TO CER-**
 3 **TAIN LEASEHOLD IMPROVEMENTS.**

4 (a) PERMANENT EXTENSION.—Section
 5 168(e)(3)(E)(iv) of the Internal Revenue Code of 1986
 6 (defining 15-year property) is amended by striking
 7 “placed in service before January 1, 2008”.

8 (b) DEPRECIATION RULES FOR CERTAIN LEASE-
 9 HOLD IMPROVEMENTS FOR PURPOSES OF EARNINGS AND
 10 PROFITS.—Paragraph (3) of section 312(k) of such Code
 11 (relating to exception for tangible property) is amended
 12 by adding at the end the following new subparagraph:

13 “(C) TREATMENT OF QUALIFIED LEASE-
 14 HOLD IMPROVEMENT PROPERTY.—In the case
 15 of any qualified leasehold improvement property
 16 (within the meaning of section 168(e)(6), the
 17 adjustment to earnings and profits for deprecia-
 18 tion for any taxable year shall be determined
 19 under the alternative depreciation method
 20 (within the meaning of section 168(g)(2)), ex-
 21 cept that the recovery period shall be 15
 22 years.”.

23 (c) CONFORMING AMENDMENT.—Subparagraph (A)
 24 of section 312(k)(3) of such Code is amended by striking
 25 “subparagraph (B),” and inserting “subparagraphs (B)
 26 and (C),”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 the date of the enactment of this Act.

