

# United States Senate

WASHINGTON, DC 20510

September 24, 2018

The Honorable Steven T. Mnuchin  
Secretary of the Treasury  
Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

As the Treasury Department continues implementation of the Tax Cuts and Jobs Act, we write to raise concern regarding the depreciation treatment of qualified improvement property. Improper implementation of this portion of the 2017 law would cause disruption to a wide range of industries, including the nation's retail, restaurant, and commercial property industries. Collectively, the impacted industries support millions of jobs nationwide and their economic impact is significant.

As the 2017 tax law takes effect, business across the country are now making critical investment decisions based on both professional guidance on the interpretation of the tax law and on guidance from the Treasury. Some businesses in our communities, including restaurants and retail establishments, are concerned that the tax law unintentionally changed the depreciation schedule for qualified improvement property to 39 years.

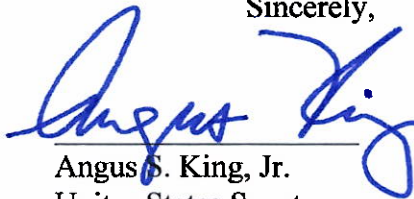
Made permanent in the bipartisan 2015 PATH Act, a 15-year recovery period was maintained for improvements to certain commercial properties, including restaurant, retail, and leasehold spaces. A lengthened 39-year depreciation schedule does not reflect the reality that small businesses renovate and improve their structures far more frequently, and makes property renovation and rehabilitation significantly more expensive and less likely to occur.

In the Conference Agreement that accompanied the 2017 tax law, it is stated that qualified improvement property has a 15-year recovery period and the score from the Joint Committee on Taxation assumed this fact as well. Given this, and the potential for considerable harm to local economies, we believe it would be prudent for Treasury to address this issue and its interpretation through guidance.

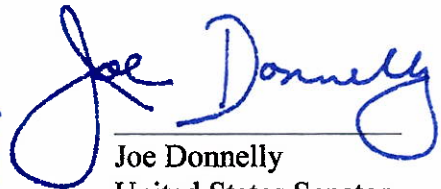


Doug Jones  
United States Senator

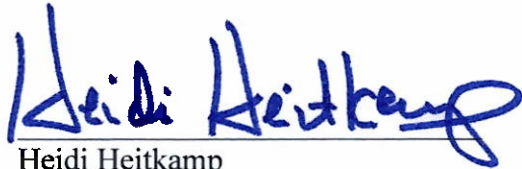
Sincerely,



Angus S. King, Jr.  
United States Senator



Joe Donnelly  
United States Senator



Heidi Heitkamp  
United States Senator



Bill Nelson  
United States Senator



Sherrod Brown  
United States Senator



Margaret Wood Hassan  
United States Senator



Jeanne Shaheen  
United States Senator



Joe Manchin III  
United States Senator



Tim Kaine  
United States Senator



Gary C. Peters  
United States Senator



Tammy Duckworth  
United States Senator



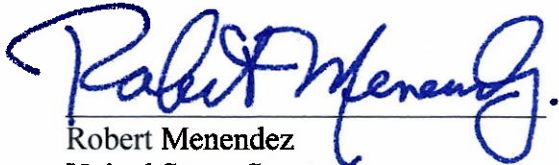
Catherine Cortez Masto  
United States Senator



Tina Smith  
United States Senator



Amy Klobuchar  
United States Senator



Robert Menendez  
United States Senator