



March 26, 2019

To: Members of the U.S. House of Representatives

On behalf of the members of the National Retail Federation, I am writing to request that you co-sponsor the Restoring Investment in Improvements Act, introduced today by Representatives Panetta and Walorski. Joining as sponsors of the bill are Representatives Horsford, Sewell, Susie Lee, Beatty, Holding, Mike Kelly, Barr and Bergman. This bill will correct a drafting error in the tax reform law related to “qualified improvement property” (QIP) that is delaying job-creating investments in stores and restaurants across the country. The Restoring Investment in Improvements Act is identical to bipartisan legislation introduced in the Senate on March 14 by Senators Toomey and Jones, which also has a long list of co-sponsors.

NRF is the world’s largest retail trade association. Based in Washington, D.C., NRF represents discount and department stores, home goods and specialty stores, Main Street merchants, grocers, wholesalers, chain restaurants and internet retailers from the United States and more than 45 countries. Retail is the nation’s largest private-sector employer, supporting one in four U.S. jobs — 42 million working Americans. Contributing \$2.6 trillion to annual GDP, retail is a daily barometer for the nation’s economy.

The drafting error in the QIP provision causes improvements to retail and restaurant stores to be written off over 39 years instead of one year. As a result, a taxpayer gets to write off 2.5 percent of their improvement costs in the year the expenditures are made, and 97.5 percent over the remaining 38 years instead of writing off 100 percent of the cost in the year the expenditures are made. This very large difference in the after-tax cost of making these improvements is causing a delay in store and restaurant remodeling projects, as well as causing retailers to decline opportunities to purchase or lease new store locations that would require substantial improvements. These decisions not only deny communities the jobs associated with substantial construction projects, but also deny these communities the opportunity to bring new permanent jobs to an otherwise abandoned store and revitalize a declining mall.

This error in the law affects jobs in retail, restaurants and construction in every community in the country. We urge you to co-sponsor the Restoring Investment in Improvements Act and allow retailers and restaurants to move forward with investments in their stores, allowing communities to reap the economic benefits that go with them.

Thank you.

Sincerely,

David French
Vice President
Government Relations