Representing, Educating and Promoting the Restaurant/Hospitality Industry

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NATIONAL RESTAURANT ASSOCIATION.

July 22, 2003

The Honorable William M. Thomas
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Thomas:

On behalf of the 840,000 restaurant locations nationwide, we commend you for introducing legislation to reform the international tax provisions of U.S. tax law and make other tax changes that promote U.S. jobs and competitiveness. Your legislation addresses fundamental inequities facing U.S. taxpayers that undermine the competitiveness of U.S. companies.

In particular, we are very supportive of the provision that would shorten the depreciation schedules for restaurant buildings to 20 years. Currently, most restaurant buildings have a 39 ½ - year depreciable "life" for the original building and for any subsequent renovations or improvements to the building. This onerous schedule is far longer than the normal use life of the property. This is particularly true for restaurants buildings which must constantly be renovated and improved to keep up with the daily assault of consumer traffic. On any given day, restaurants provide meals to nearly 50 percent of American adults, resulting in excessive wear and tear on the building. In fact, most restaurant buildings must be renovated on an average of every 6-8 years. Each time, the improvements are depreciated over a 39 ½ year schedule, resulting in concurrent depreciable lives.

Enactment of your legislation will have a positive impact on the domestic economy. As you know, economic studies have demonstrated the important role that U.S. multinational corporations play in building our economy and creating and preserving American jobs. Your bill will help level the international playing field, enhance the ability of U.S. companies to compete in global markets, and strengthen our domestic economy.

On behalf of the restaurant industry, with more than 11.7 million employees, thank you for your leadership, and we offer our support and assistance.

Sincerely,

Steven Anderson
President and Chief Executive Officer

Lee Culpepper
Senior Vice President,
Government Affairs and Public Policy