

119TH CONGRESS
2D SESSION

H. R. 8996

To amend the Internal Revenue Code of 1986 to provide bonus depreciation for long-term residential rental housing.

IN THE HOUSE OF REPRESENTATIVES

MAY 21, 2026

Ms. SÁNCHEZ (for herself, Ms. TENNEY, Mr. PANETTA, and Mr. LAHOOD) 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 provide bonus depreciation for long-term residential rental housing.

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 “Rental Housing Invest-
5 ment Act”.

6 **SEC. 2. TAX INCENTIVES FOR LONG-TERM RESIDENTIAL**
7 **RENTAL HOUSING.**

8 (a) SPECIAL DEPRECIATION ALLOWANCE.—

9 (1) IN GENERAL.—Section 168 of the Internal
10 Revenue Code of 1986, as amended by section

1 70307 of Public Law 119–21, is amended by adding
2 at the end the following new subsection:

3 “(o) SPECIAL ALLOWANCE FOR LONG-TERM RESI-
4 DENTIAL RENTAL PROPERTY.—

5 “(1) IN GENERAL.—In the case of any long-
6 term residential rental property of a taxpayer mak-
7 ing an election under this subsection—

8 “(A) the depreciation deduction provided
9 by section 167(a) for the taxable year in which
10 such property is placed in service shall include
11 an allowance equal to the lesser of—

12 “(i) an amount equal to the product
13 of—

14 “(I) the total number of dwelling
15 units in the long-term residential rent-
16 al property, multiplied by

17 “(II) \$150,000, or

18 “(ii) 100 percent of the adjusted basis
19 of the long-term residential rental property
20 (other than land), and

21 “(B) the adjusted basis of the long-term
22 residential rental property shall be reduced by
23 the amount of such deduction before computing
24 the amount otherwise allowable as a deprecia-

1 tion deduction under this chapter for such tax-
2 able year and any subsequent taxable year.

3 “(2) LONG-TERM RESIDENTIAL RENTAL PROP-
4 ERTY.—For purposes of this subsection, the term
5 ‘long-term residential rental property’ means prop-
6 erty—

7 “(A) to which this section applies,

8 “(B) which is placed in service in the
9 United States after the date of enactment of
10 this subsection,

11 “(C) which—

12 “(i) is used as residential rental prop-
13 erty (as defined in subsection (e)(2)(A)),
14 and

15 “(ii) consists of not less than 2 dwell-
16 ing units,

17 “(D) the original use of which commences
18 with the taxpayer, and

19 “(E) which is designated by the taxpayer
20 in the election made under this subsection.

21 “(3) DEDUCTION ALLOWED IN COMPUTING
22 MINIMUM TAX.—For purposes of determining alter-
23 native minimum taxable income under section 55,
24 the deduction under section 167 for long-term resi-
25 dential rental property shall be determined under

1 this section without regard to any adjustment under
2 section 56.

3 “(4) RECAPTURE.—If, at any time during the
4 10-year period beginning on the date that any long-
5 term residential rental property is placed in service
6 by the taxpayer, such property ceases to be used as
7 described in paragraph (2)(C)—

8 “(A) section 1245 shall be applied—

9 “(i) by treating such property as hav-
10 ing been disposed of by the taxpayer as of
11 the first time such property is so used, and

12 “(ii) by treating the amount described
13 in subparagraph (B) of section 1245(a)(1)
14 with respect to such disposition as being
15 not less than the amount described in sub-
16 paragraph (A) of such section, and

17 “(B) the basis of the taxpayer in such
18 property, and the taxpayer’s allowance for de-
19 preciation with respect to such property, shall
20 be appropriately adjusted to take into account
21 amounts recognized by reason of subparagraph
22 (A).

23 “(5) ADDITIONAL AMOUNT FOR AFFORDABLE
24 HOUSING.—

1 “(A) IN GENERAL.—In the case of any
2 long-term residential rental property which is
3 part of a project which meets any of the re-
4 quirements described in subparagraph (A), (B),
5 or (C) of section 42(g)(1), as elected by the tax-
6 payer, paragraph (1)(A)(i)(II) shall be applied
7 with respect to such property by substituting
8 ‘\$250,000’ for ‘\$150,000’.

9 “(B) EXTENDED RECAPTURE PERIOD.—In
10 the case of any long-term residential rental
11 property described in subparagraph (A), if, at
12 any time during the 15-year period beginning
13 on the date that such property is placed in serv-
14 ice by the taxpayer, such property ceases to sat-
15 isfy the requirements described in such sub-
16 paragraph, subparagraphs (A) and (B) of para-
17 graph (4) shall apply.

18 “(6) ELECTION.—

19 “(A) IN GENERAL.—An election under this
20 subsection for any taxable year shall—

21 “(i) specify the property subject to the
22 election, and

23 “(ii) except as otherwise provided by
24 the Secretary, be made on the taxpayer’s

1 return of the tax imposed by this chapter
2 for the taxable year.

3 Such election shall be made in such manner as
4 the Secretary may prescribe by regulations or
5 other guidance.

6 “(B) ELECTION.—Any election made
7 under this subsection, and any specification
8 contained in any such election, may not be re-
9 voked except with the consent of the Secretary
10 (and the Secretary shall provide such consent
11 only in extraordinary circumstances).

12 “(7) REGULATIONS.—The Secretary shall issue
13 such regulations or other guidance as may be nec-
14 essary or appropriate to carry out the purposes of
15 this subsection, including regulations or other guid-
16 ance regarding—

17 “(A) the application of paragraph (5) in a
18 manner which is consistent with the application
19 of section 42(g), and

20 “(B) certification of compliance with the
21 requirements under such paragraph.”.

22 (2) TREATMENT OF LONG-TERM RESIDENTIAL
23 RENTAL PROPERTY AS SECTION 1245 PROPERTY.—
24 Section 1245(a)(3) of the Internal Revenue Code of
25 1986 is amended by striking “or” at the end of sub-

1 paragraph (F), by striking the period at the end of
2 subparagraph (G) and inserting “, or”, and by add-
3 ing at the end the following new subparagraph:

4 “(H) any long-term residential rental prop-
5 erty (as defined in section 168(o)(2)).”.

6 (b) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to property placed in service after
8 the date which is 12 months after the date of the enact-
9 ment of this Act.

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