

119TH CONGRESS  
2D SESSION

# S. 4080

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

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IN THE SENATE OF THE UNITED STATES

MARCH 12, 2026

Ms. BLUNT ROCHESTER introduced the following bill; which was read twice and referred to the Committee on Finance

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## 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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