

Impact of Increasing Restaurant Depreciation From 15 to 39 Years

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Restaurant Dining and Kitchen Areas Are Remodeled and Renovated Frequently

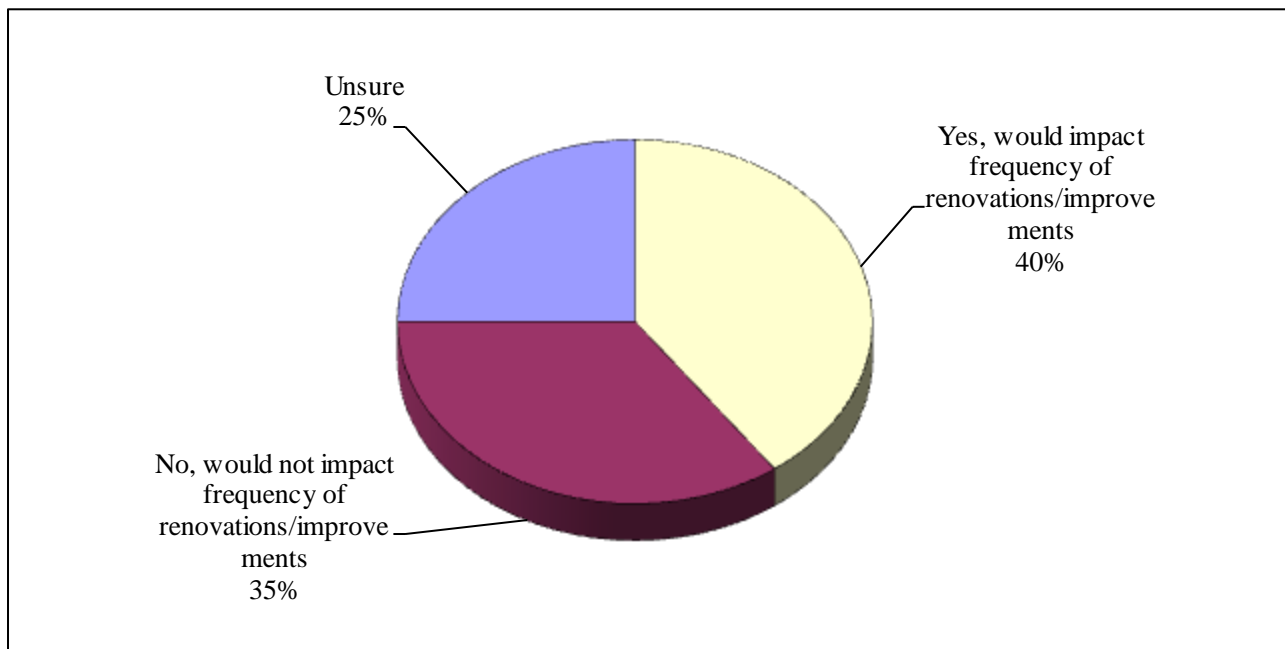
- With roughly one-half of all adults reporting that they patronize a restaurant or foodservice establishment on a typical day, restaurant operators find it necessary to remodel and renovate their establishments on a relatively frequent basis.
- According to a nationwide telephone survey of 1,000 restaurant operators fielded by SSI for the National Restaurant Association in January 2014, restaurant operators said it was necessary to renovate or remodel their dining area a median of every five years. Similarly, the kitchen area needs to be renovated or remodeled every five years, according to restaurant operators.
- Only eight percent of restaurant operators said they could wait more than 10 years to renovate or remodel their kitchen area, while just six percent said they could wait more than 10 years to improve their restaurant’s dining area.

Impact of Increasing Restaurant Depreciation Period From 15 to 39 Years

- Restaurant operators were also asked in the survey if extending the write-off period from 15 to 39 years would impact their business practices. The question was phrased as follows:

“Between 2005 and 2013, there was a special temporary provision in the tax code that allowed restaurant improvements and new construction to be depreciated over 15 years, rather than 39 years, which is the permanent code write-off period. If the write-off period went back to 39 years, would it impact how often you renovate or make improvements to your restaurant.”
- Forty percent of restaurant operators said increasing the write-off period from 15 to 39 years would impact how frequently they renovate or make improvements to their restaurant. This translates to roughly 250,000 restaurants, which would have a significant impact on restaurant-related construction activity over the next several years.

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Source: National Restaurant Association survey of 1,000 restaurant operators, conducted by SSI