

116TH CONGRESS
1ST SESSION

S. 1827

To amend the Internal Revenue Code of 1986 to exclude corporations operating prisons from the definition of taxable REIT subsidiary.

IN THE SENATE OF THE UNITED STATES

JUNE 13, 2019

Mr. WYDEN introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to exclude corporations operating prisons from the definition of taxable REIT subsidiary.

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 “Ending Tax Breaks
5 for Private Prisons Act”.

6 **SEC. 2. EXCLUSION OF CORPORATIONS OPERATING PRIS-**
7 **ON FACILITIES FROM DEFINITION OF TAX-**
8 **ABLE REIT FACILITY.**

9 (a) IN GENERAL.—Section 856(l)(3) of the Internal
10 Revenue Code of 1986 is amended—

1 (1) by striking subparagraph (A) and inserting
2 the following:

3 “(A) any corporation which—

4 “(i) directly or indirectly operates or
5 manages a lodging facility or a health care
6 facility, or

7 “(ii) directly or indirectly operates or
8 manages a prison facility or provides serv-
9 ices at or in connection with a prison facil-
10 ity, and”,

11 (2) in subparagraph (B), by striking “any lodg-
12 ing facility or health care facility” and inserting
13 “any lodging facility, health care facility, or prison
14 facility”, and

15 (3) by striking the last sentence and inserting
16 the following: “Subparagraph (B) shall not apply to
17 rights provided to an eligible independent contractor
18 to operate or manage a lodging facility, a health
19 care facility, or a prison facility if such rights are
20 held by such corporation as a franchisee, licensee, or
21 in a similar capacity and such lodging facility, health
22 care facility, or prison facility is either owned by
23 such corporation or is leased to such corporation
24 from the real estate investment trust.”.

1 (b) DEFINITION OF PRISON FACILITY.—Section
2 856(l)(4) of the Internal Revenue Code of 1986 is amend-
3 ed by adding at the end the following new subparagraph:

4 “(C) PRISON FACILITY.—The term ‘prison
5 facility’ means any correctional, detention, or
6 penal facility.”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 the date of the enactment of this Act.

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