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

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

A BILL

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Ending Tax Breaks for Private Prisons Act”.

SEC. 2. EXCLUSION OF CORPORATIONS OPERATING PRISON FACILITIES FROM DEFINITION OF TAXABLE REIT FACILITY.

(a) IN GENERAL.—Section 856(l)(3) of the Internal Revenue Code of 1986 is amended—
(1) by striking subparagraph (A) and inserting the following:

“(A) any corporation which—

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

“(ii) directly or indirectly operates or manages a prison facility or provides services at or in connection with a prison facility, and”,

(2) in subparagraph (B), by striking “any lodging facility or health care facility” and inserting “any lodging facility, health care facility, or prison facility”, and

(3) by striking the last sentence and inserting the following: “Subparagraph (B) shall not apply to rights provided to an eligible independent contractor to operate or manage a lodging facility, a health care facility, or a prison facility if such rights are held by such corporation as a franchisee, licensee, or in a similar capacity and such lodging facility, health care facility, or prison facility is either owned by such corporation or is leased to such corporation from the real estate investment trust.”.
(b) Definition of Prison Facility.—Section 856(l)(4) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(C) Prison facility.—The term ‘prison facility’ means any correctional, detention, or penal facility.”.

c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.