

ACTION ALERT
March 12, 2002

**President Signs Job Creation and Worker Assistance Act of 2002.
Important Incentives Included for Retail and Wholesale Grocers.**

President Bush signed into law the Job Creation and Worker Assistance Act of 2002 on Saturday, March 9, 2002. This measure includes not only a thirteen week extension of unemployment benefits beyond the regular 26 weeks, but also important special depreciation allowances of benefit to retail and wholesale grocers and other businesses. The added depreciation allowance was one key provision of President Bush's plan that N.G.A. strongly supported. Tom Zaucha spoke of the legislation, "This is a major victory for N.G.A. and its retailer and wholesaler members. In these uncertain times, this legislation will help stimulate economic growth for the next three years." If in recent months you have purchased equipment, or in the future you are contemplating purchasing equipment or performing store or warehouse remodels, the legislation contains important tax incentives of financial benefit.

THIRTY PERCENT DEPRECIATION DEDUCTION

The special depreciation deduction, equal to thirty percent of the adjusted basis of qualified property, is allowed for property acquired after September 10, 2001 and before September 11, 2004. Eligible qualified property includes that which has a recovery period of twenty years or less, computer software, or qualified leasehold improvement property. This would include property such as computers, office machinery, cars, trucks, office furniture, etc. An original use of the property must commence after September 10, 2001. It must be acquired by the tax payer after September 10, 2001 and before September 11, 2004, or pursuant to a written binding contract that was entered into between those dates. Property that was subject to a written binding contract before September 11, 2001 is not eligible. The property must be placed in service before January 1, 2005, unless it is property that is subject to longer production periods.

Longer Production Period Property. Property that is subject to longer production periods includes any of the eligible property which has a recovery period of at least ten years or transportation property (used to transport persons or property). The longer production period property must be placed in service before January 1, 2006.

Qualified leasehold improvement property is any improvement to an interior portion of a non-residential building, made under a lease by the lessee, sub-lessee or lessor, occupied exclusively by the lessee or sub-lessee, and the improvement is placed in the service more than three years after the building was first placed into service. Improvements excluded are any expenditure which is attributable to the enlargement of the building, any elevator or escalator, a structural component benefiting a common area, and internal structural framework of the building.

Effective date applies to any property placed into service after September 10, 2001 in the taxable years ending after such date.

WORK OPPORTUNITY TAX CREDIT

The work opportunity tax credit is extended until December 31, 2003 for eligible individuals who begin work for an employer after December 31, 2001.

If you have questions or need additional information, contact Tom Wenning at publicaffairs@nationalgrocers.org.

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