

105TH CONGRESS
2D SESSION

H. R. 4134

To amend the Internal Revenue Code of 1986 to permit year 2000 computer conversion costs to be expensed by small businesses under section 179 and to provide a \$20,000 increase in the limitation under section 179 for such costs.

IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 1998

Mrs. THURMAN introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to permit year 2000 computer conversion costs to be expensed by small businesses under section 179 and to provide a \$20,000 increase in the limitation under section 179 for such costs.

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. EXPENSE TREATMENT FOR COSTS OF MAKING**
4 **COMPUTERS AND COMPUTER SOFTWARE**
5 **YEAR 2000 COMPLIANT.**

6 (a) IN GENERAL.—Section 179 of the Internal Reve-
7 nue Code of 1986 (relating to election to expense certain

1 depreciable business assets) is amended by adding at the
2 end the following new subsection:

3 “(e) COSTS OF MAKING COMPUTERS AND COMPUTER
4 SOFTWARE YEAR 2000 COMPLIANT.—

5 “(1) IN GENERAL.—For purposes of this sec-
6 tion, the term ‘section 179 property’ includes any of
7 the following items which are placed in service dur-
8 ing 1998 or 1999, which are for use in the active
9 conduct or a trade or business, and which are of a
10 character subject to the allowance for depreciation
11 or amortization:

12 “(A) The cost of modifying computer soft-
13 ware to address the year 2000 computer con-
14 version problem.

15 “(B) The cost of purchasing computer
16 software which is year 2000 compliant to re-
17 place computer software which is not so compli-
18 ant.

19 “(2) INCREASE IN LIMITATION.—The limitation
20 under subsection (b)(1) shall be increased for each
21 taxable year which includes any portion of calendar
22 year 1998 or 1999 by the lesser of \$20,000 or the
23 sum of—

1 “(A) the aggregate cost of property which
2 is treated as section 179 property under para-
3 graph (1) for such taxable year, and

4 “(B) the cost of purchasing any computer
5 system to replace a computer system where
6 such replacement is necessary because of the
7 year 2000 computer conversion problem.”

8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) shall apply to taxable years ending after
10 December 31, 1997.

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