

107TH CONGRESS
1ST SESSION

S. 1553

To amend the Internal Revenue Code of 1986 to allow a bonus deduction for depreciable business assets.

IN THE SENATE OF THE UNITED STATES

OCTOBER 16, 2001

Mr. HATCH 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 allow a bonus deduction for depreciable business assets.

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 “Economic Stimulus
5 Through Bonus Depreciation Act of 2001”.

6 **SEC. 2. BONUS DEPRECIATION ALLOWANCE FOR CERTAIN**
7 **BUSINESS ASSETS.**

8 (a) IN GENERAL.—Section 168 of the Internal Rev-
9 enue Code of 1986 (relating to accelerated cost recovery
10 system) is amended by adding at the end the following:

1 “(k) BONUS ALLOWANCE FOR CERTAIN BUSINESS
2 ASSETS.—

3 “(1) IN GENERAL.—In the case of any qualified
4 property—

5 “(A) the depreciation deduction provided
6 by section 167(a) for the taxable year in which
7 such property is placed in service shall be an
8 amount equal to 50 percent of the adjusted
9 basis of the qualified property, and

10 “(B) subject to paragraph (2), the amount
11 otherwise allowable as a depreciation deduction
12 under this chapter for any subsequent taxable
13 year shall be computed in the same manner as
14 if this subsection had not been enacted.

15 “(2) ADJUSTED BASIS.—The aggregate deduc-
16 tion allowed under this section for taxable years de-
17 scribed in paragraph (1)(B) with respect to any
18 qualified property shall not exceed the adjusted basis
19 of such property reduced by the amount of the de-
20 duction allowed under paragraph (1)(A).

21 “(3) QUALIFIED PROPERTY.—For purposes of
22 this subsection—

23 “(A) IN GENERAL.—The term ‘qualified
24 property’ means property—

25 “(i)(I) to which this section applies, or

1 “(II) which is computer software (as
2 defined in section 167(f)(1)(B)) for which
3 a deduction is allowable under section
4 167(a) without regard to this subsection,

5 “(ii) the original use of which com-
6 mences with the taxpayer on or after Sep-
7 tember 11, 2001,

8 “(iii) which is—

9 “(I) acquired by the taxpayer on
10 or after September 11, 2001, and be-
11 fore July 1, 2002, but only if no writ-
12 ten binding contract for the acquisi-
13 tion was in effect before September
14 11, 2001, or

15 “(II) acquired by the taxpayer
16 pursuant to a written binding contract
17 which was entered into on or after
18 September 11, 2001, and before July
19 1, 2002, and

20 “(iv) which is placed in service by the
21 taxpayer before January 1, 2003.

22 “(B) EXCEPTIONS.—

23 “(i) ALTERNATIVE DEPRECIATION
24 PROPERTY.—The term ‘qualified property’
25 shall not include any property to which the

1 alternative depreciation system under sub-
2 section (g) applies, determined—

3 “(I) without regard to paragraph
4 (7) of subsection (g) (relating to elec-
5 tion to have system apply), and

6 “(II) after application of section
7 280F(b) (relating to listed property
8 with limited business use).

9 “(ii) ELECTION OUT.—If a taxpayer
10 makes an election under this clause with
11 respect to any class of property for any
12 taxable year, this subsection shall not
13 apply to all property in such class placed
14 in service during such taxable year.

15 “(iii) REPAIRED OR RECONSTRUCTED
16 PROPERTY.—Except as otherwise provided
17 in regulations, the term ‘qualified property’
18 shall not include any repaired or recon-
19 structed property.

20 “(C) SPECIAL RULES RELATING TO ORIGI-
21 NAL USE.—

22 “(i) SELF-CONSTRUCTED PROP-
23 erty.—In the case of a taxpayer manufac-
24 turing, constructing, or producing property
25 for the taxpayer’s own use, the require-

1 ments of clause (ii) of subparagraph (A)
2 shall be treated as met if the taxpayer be-
3 gins manufacturing, constructing, or pro-
4 ducing the property on or after September
5 11, 2001, and before January 1, 2003.

6 “(ii) SALE-LEASEBACKS.—For pur-
7 poses of subparagraph (A)(i), if property—

8 “(I) is originally placed in service
9 on or after September 11, 2001, by a
10 person, and

11 “(II) is sold and leased back by
12 such person within 3 months after the
13 date such property was originally
14 placed in service,

15 such property shall be treated as originally
16 placed in service not earlier than the date
17 on which such property is used under the
18 leaseback referred to in subclause (II).

19 “(D) COORDINATION WITH SECTION
20 280F.— For purposes of section 280F—

21 “(i) AUTOMOBILES.—In the case of a
22 passenger automobile (as defined in section
23 280F(d)(5)) which is qualified equipment,
24 the Secretary shall increase the limitation
25 under section 280F(a)(1)(A)(i), and de-

1 crease each other limitation under sub-
 2 paragraphs (A) and (B) of section
 3 280F(a)(1), to appropriately reflect the
 4 amount of the deduction allowable under
 5 paragraph (1).

6 “(ii) LISTED PROPERTY.—The deduc-
 7 tion allowable under paragraph (1) shall be
 8 taken into account in computing any re-
 9 capture amount under section 280F(b)(2).

10 “(4) APPLICABLE CONVENTION.—Subsection
 11 (d)(3) shall not apply in determining the applicable
 12 convention with respect to qualified property.”.

13 (b) ALLOWANCE AGAINST ALTERNATIVE MINIMUM
 14 TAX.—

15 (1) IN GENERAL.—Section 56(a)(1)(A) of the
 16 Internal Revenue Code of 1986 (relating to deprecia-
 17 tion adjustment for alternative minimum tax) is
 18 amended by adding at the end the following:

19 “(iii) ADDITIONAL ALLOWANCE FOR
 20 CERTAIN BUSINESS ASSETS.—The deduc-
 21 tion under section 168(k) shall be al-
 22 lowed.”.

23 (2) CONFORMING AMENDMENT.—Clause (i) of
 24 section 56(a)(1)(A) of such Code is amended by in-
 25 serting “or (iii)” after “(ii)”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to property placed in service on
3 or after September 11, 2001, in taxable years ending on
4 or after such date.

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