

107TH CONGRESS  
1ST SESSION

# H. R. 1411

To amend the Internal Revenue Code of 1986 to allow qualified technological equipment and computer software to be expensed, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 4, 2001

Mr. WELLER (for himself, Mr. NEAL of Massachusetts, Mrs. KELLY, Mr. TAUZIN, Mr. GOODLATTE, Mr. COX, Mr. CUNNINGHAM, Mr. ISSA, Mrs. WILSON, and Mr. EHRLICH) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow qualified technological equipment and computer software to be expensed, and for other purposes.

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 “Expensing Technology  
5       Reform Act of 2001”.

1 **SEC. 2. EXPENSING OF QUALIFIED TECHNOLOGICAL**  
 2 **EQUIPMENT AND COMPUTER SOFTWARE.**

3 (a) IN GENERAL.—Part VI of subchapter B of chap-  
 4 ter 1 of the Internal Revenue Code of 1986 is amended  
 5 by inserting after section 179A the following new section:

6 **“SEC. 179B. DEDUCTION FOR QUALIFIED TECHNOLOGICAL**  
 7 **EQUIPMENT AND COMPUTER SOFTWARE.**

8 “(a) TREATMENT AS EXPENSES.—A taxpayer may  
 9 elect to treat the cost of any qualified technological prop-  
 10 erty as an expense which is not chargeable to capital ac-  
 11 count. Any cost so treated shall be allowed as a deduction  
 12 for the taxable year in which the qualified technological  
 13 property is placed in service.

14 “(b) QUALIFIED TECHNOLOGICAL PROPERTY.—For  
 15 purposes of this section—

16 “(1) IN GENERAL.—The term ‘qualified techno-  
 17 logical property’ means—

18 “(A) property to which section 168 applies  
 19 which is—

20 “(i) qualified technological equipment  
 21 (as defined in section 168(i)(2)),

22 “(ii) any wireless telecommunications  
 23 equipment,

24 “(iii) any advanced services equip-  
 25 ment, or

1 “(iv) any network or network system  
2 equipment, and

3 “(B) computer software (as defined in sec-  
4 tion 197(e)(3)(B)) to which section 167 applies.

5 “(2) WIRELESS TELECOMMUNICATIONS EQUIP-  
6 MENT.—The term ‘wireless telecommunications  
7 equipment’ means all equipment used in the trans-  
8 mission, reception, coordination, or switching of  
9 wireless telecommunications service. For this pur-  
10 pose, ‘wireless telecommunications service’ includes  
11 any commercial mobile radio service as defined in  
12 title 47 of the Code of Federal Regulations.

13 “(3) ADVANCED SERVICES EQUIPMENT.—The  
14 term ‘advanced services equipment’ means equip-  
15 ment, excluding cabling, used in the provision of  
16 Internet or electronic communications access services  
17 or support, or which supports access to electronic  
18 media and data and associated communications sup-  
19 port, provided that such services or support con-  
20 stitute or directly contribute to the provision of ad-  
21 vanced telecommunications capability as that term is  
22 defined in section 706(c)(1) of the Telecommuni-  
23 cations Act of 1996.

24 “(4) NETWORK OR NETWORK SYSTEM EQUIP-  
25 MENT.—The term ‘network or network system

1 equipment’ means any information technology equip-  
 2 ment, including computer servers, hubs, bridges,  
 3 switches and routers, which are interconnected so as  
 4 to enable computers and peripherals to communicate  
 5 with each other either individually or as a single  
 6 unit.

7 “(c) CERTAIN RULES TO APPLY.—Rules similar to  
 8 the rules of paragraphs (4), (5), and (6) of section 179A  
 9 shall apply for purposes of this section.”.

10 (b) INCLUSION OF COPIERS, DUPLICATING EQUIP-  
 11 MENT, AND OTHER EQUIPMENT.—Clause (iv) of section  
 12 168(i)(2)(B) of such Code is amended—

13 (1) by striking “copiers, duplicating equip-  
 14 ment,” in subclause (II),

15 (2) by adding “and” at the end of subclause  
 16 (I),

17 (3) by striking “, and” at the end of subclause  
 18 (II) and inserting a period, and

19 (4) by striking subclause (III).

20 (c) CONFORMING AMENDMENTS.—

21 (1) Paragraph (1) of section 263(a) of such  
 22 Code is amended by striking “or” at the end of sub-  
 23 paragraph (G), by striking the period at the end of  
 24 subparagraph (H) and inserting “; or”, and by add-  
 25 ing at the end the following new subparagraph:

1           “(I) expenditures for which a deduction is  
2           allowed under section 179B.”.

3           (2) Subparagraph (B) of section 312(k)(3) of  
4           such Code is amended by striking “or 179A” each  
5           place it appears and inserting “, 179A, or 179B”.

6           (3) Subparagraph (C) of section 1245(a)(2) of  
7           such Code is amended by inserting “179B,” after  
8           “179A,”.

9           (4) The table of sections for part VI of sub-  
10          chapter B of chapter 1 of such Code is amended by  
11          inserting after the item relating to section 179A the  
12          following new item:

                  “Sec. 179B. Deduction for qualified technological equipment and  
                  computer software.”.

13          (d) EFFECTIVE DATE.—The amendments made by  
14          this section shall apply to property placed in service after  
15          the date of the enactment of this Act.

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