

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

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

“(ii) the original use of which commences with the taxpayer on or after September 11, 2001,

“(iii) which is—

“(I) acquired by the taxpayer on or after September 11, 2001, and before July 1, 2002, but only if no written binding contract for the acquisition was in effect before September 11, 2001, or

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

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

“(B) EXCEPTIONS.—

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

alternative depreciation system under subsection (g) applies, determined—

“(I) without regard to paragraph (7) of subsection (g) (relating to election to have system apply), and

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

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

“(iii) REPAIRED OR RECONSTRUCTED PROPERTY.—Except as otherwise provided in regulations, the term ‘qualified property’ shall not include any repaired or reconstructed property.

“(C) SPECIAL RULES RELATING TO ORIGINAL USE.—

“(i) SELF-CONSTRUCTED PROPERTY.—In the case of a taxpayer manufacturing, constructing, or producing property for the taxpayer’s own use, the require-

ments of clause (ii) of subparagraph (A) shall be treated as met if the taxpayer begins manufacturing, constructing, or producing the property on or after September 11, 2001, and before January 1, 2003.

“(ii) SALE-LEASEBACKS.—For purposes of subparagraph (A)(i), if property—

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

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

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

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

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

crease each other limitation under subparagraphs (A) and (B) of section 280F(a)(1), to appropriately reflect the amount of the deduction allowable under paragraph (1).

“(ii) LISTED PROPERTY.—The deduction allowable under paragraph (1) shall be taken into account in computing any recapture amount under section 280F(b)(2).

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

(b) ALLOWANCE AGAINST ALTERNATIVE MINIMUM TAX.—

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

“(iii) ADDITIONAL ALLOWANCE FOR CERTAIN BUSINESS ASSETS.—The deduction under section 168(k) shall be allowed.”.

(2) CONFORMING AMENDMENT.—Clause (i) of section 56(a)(1)(A) of such Code is amended by inserting “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.

