107TH CONGRESS
2D SESSION **H. R. 4470**

To amend the Internal Revenue Code of 1986 to expand the depreciation
benefits available to small businesses, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

APRIL 17, 2002

Mr. HERGER (for himself, Mr. TANNER, Mr. PORTMAN, Mr. FOLEY, Mrs.
JOHNSON of Connecticut, Mr. WELLER, Mr. COLLINS, Mr. MCINNIS, Mr.
CRANE, Mr. HOUGHTON, and Mr. LEWIS of Kentucky) introduced the fol-
lowing 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 expand
the depreciation benefits available to small businesses,
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 "Small Business Ex-

5 pensing Improvement Act of 2002".

6 **SEC. 2. MODIFICATIONS TO EXPENSING UNDER SECTION**

7 **179.**

8 (a) INCREASE OF AMOUNT WHICH MAY BE EX-

9 PENSED.—

1   (1) IN GENERAL.—Paragraph (1) of section

2 179(b) of the Internal Revenue Code of 1986 (relat-

3 ing to dollar limitation) is amended to read as fol-

4 lows:

5   "(1) DOLLAR LIMITATION.—The aggregate cost

6 which may be taken into account under subsection

7 (a) for any taxable year shall not exceed $40,000."

8   (2) INCREASE IN PHASEOUT THRESHOLD.—

9 Paragraph (2) of section 179(b) of such Code is

10 amended by striking "$200,000" and inserting

11 "$325,000".

12   (3) INFLATION ADJUSTMENT OF DOLLAR

13 AMOUNTS.—Subsection (b) of section 179 of such

14 Code is amended by adding at the end the following

15 new paragraph:

16   "(5) INFLATION ADJUSTMENT.—In the case of

17 any taxable year beginning in a calendar year after

18 2002, each dollar amount contained in paragraph

19 (1) or (2) shall be increased by an amount equal

20 to—

21   "(A) such dollar amount, multiplied by

22   "(B) the cost-of-living adjustment deter-

23   mined under section 1(f)(3) for the calendar

24   year in which the taxable year begins by sub-

1   stituting 'calendar year 2001' for 'calendar year

2   1992' in subparagraph (B) thereof.

3   If any amount, as adjusted under the preceding sen-

4   tence, is not a multiple of $1,000 ($10,000 in the

5   case of the dollar amount contained in paragraph

6   (2)), such amount shall be rounded to the nearest

7   multiple of $1,000 or $10,000, as the case may be.''

8   (b) CERTAIN COMPUTER SOFTWARE ELIGIBLE FOR

9 EXPENSING.—The heading and first sentence of para-

10 graph (1) of section 179(d) of such Code (relating to sec-

11 tion 179 property) are amended to read as follows:

12   ''(1) SECTION 179 PROPERTY.—For purposes of

13   this section, the term 'section 179 property' means

14   property—

15   ''(A) which is—

16   ''(i) tangible property (to which sec-

17   tion 168 applies), or

18   ''(ii) computer software (as defined in

19   section 197(e)(3)(B)) which is described in

20   section 197(e)(3)(A)(i) and to which sec-

21   tion 167 applies,

22   ''(B) which is section 1245 property (as

23   defined in section 1245(a)(3)), and

24   ''(C) which is acquired by purchase for use

25   in the active conduct of a trade or business.''.

1   (c) PROPERTY USED FOR LODGING ELIGIBLE FOR

2 EXPENSING.—The second sentence of section 179(d)(1) of

3 such Code is amended by striking "property described in

4 section 50(b)" and inserting "property described in para-

5 graph (1), (3), or (4) of section 50(b)".

6   (d) EFFECTIVE DATES.—

7   (1) IN GENERAL.—Except as provided in para-

8   graph (2), the amendments made by this section

9   shall apply to property placed in service after De-

10   cember 31, 2001.

11   (2) EXCEPTION.—The amendments made by

12   subsection (a) shall apply to property placed in serv-

13   ice in taxable years beginning after December 31,

14   2001.

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