

108TH CONGRESS  
1ST SESSION

# H. R. 1597

To amend the Internal Revenue Code of 1986 to classify qualified rental office furniture as 5-year property for purposes of depreciation.

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IN THE HOUSE OF REPRESENTATIVES

APRIL 3, 2003

Mr. COLLINS 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 classify qualified rental office furniture as 5-year property for purposes of depreciation.

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. CLASSIFICATION OF QUALIFIED RENTAL OF-**  
4 **FICE FURNITURE.**

5 (a) IN GENERAL.—Subparagraph (B) of section  
6 168(e)(3) of the Internal Revenue Code of 1986 (relating  
7 to 5-year property) is amended by striking “and” at the  
8 end of clause (v), by striking the period at the end of  
9 clause (vi) and inserting “, and,” and by adding at the  
10 end the following:

1                   “(vii) any qualified rental office fur-  
2                   niture.”

3           (b) ALTERNATIVE SYSTEM.—The table contained in  
4 section 168(g)(3)(B) of the Internal Revenue Code of  
5 1986 is amended by inserting after the third item the fol-  
6 lowing:

          “(B)(vii) ..... 9”.

7           (c) DEFINITION OF QUALIFIED RENTAL OFFICE  
8 FURNITURE.—Subsection (i) of section 168 of the Inter-  
9 nal Revenue Code of 1986 is amended by adding at the  
10 end the following:

11                   “(15) QUALIFIED RENTAL OFFICE FUR-  
12                   NITURE.—

13                           “(A) IN GENERAL.—The term ‘qualified  
14                           rental office furniture’ means office furniture  
15                           held by an office furniture rental dealer pri-  
16                           marily for purposes of leasing to customers by  
17                           means of a short-term office furniture rental  
18                           contract.

19                           “(B) OFFICE FURNITURE RENTAL DEAL-  
20                           ER.—The term ‘office furniture rental dealer’  
21                           means a person that, in the ordinary course of  
22                           business, regularly enters into short-term office  
23                           furniture rental contracts with customers for  
24                           the use of office furniture.

1           “(C) SHORT-TERM OFFICE FURNITURE  
2 RENTAL CONTRACT.—The term ‘short-term of-  
3 fice furniture rental contract’ means any lease  
4 with a term of 18 months or less, between unre-  
5 lated parties, for the use of office furniture.”.

6           (d) OPTIONS TO RENEW NOT TO BE AUTOMATI-  
7 CALLY TAKEN INTO ACCOUNT.—Paragraph (3) of sub-  
8 section (i) of section 168 of the Internal Revenue Code  
9 of 1986 is amended by adding at the end the following:

10           “(C) SPECIAL RULE FOR OPTIONS ON  
11 SHORT-TERM OFFICE FURNITURE RENTAL CON-  
12 TRACTS.—For purposes of clause (i) of sub-  
13 paragraph (A), in the case of a short-term of-  
14 fice furniture rental contract, there shall not be  
15 taken into account any option to renew at a  
16 price equal to or in excess of the price applica-  
17 ble to the initial term of the lease.”.

18           (e) APPLICABILITY.—

19           (1) IN GENERAL.—Except as provided in para-  
20 graph (2), the amendments made by this section  
21 shall apply to property placed in service on or after  
22 the date of the enactment of this Act.

23           (2) TRANSITION RULE.—

24           (A) IN GENERAL.—A taxpayer may elect  
25           (in such form and manner as the Secretary of

1 the Treasury may prescribe) to have the  
2 amendments made by this section apply to  
3 property placed in service before the date of the  
4 enactment of this section.

5 (B) METHOD OF ACCOUNTING.—For pur-  
6 poses of section 481, an election under subpara-  
7 graph (A) shall be treated as a change in meth-  
8 od of accounting made with the consent of the  
9 Secretary of the Treasury and any adjustment  
10 necessary by reason of such change shall be in-  
11 cluded in the year of the change.

12 (C) ELECTION DEEMED MADE.—For pur-  
13 poses of subparagraph (A), a taxpayer which  
14 has consistently treated qualified rental office  
15 furniture (as defined in section 168(i)(15) of  
16 the Internal Revenue Code of 1986) as 5-year  
17 property shall be treated as having made the  
18 election under such subparagraph with respect  
19 to the property.

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