

109TH CONGRESS  
1ST SESSION

# H. R. 2320

To amend the Internal Revenue Code of 1986 to permanently extend the 50-percent bonus depreciation added by the Jobs and Growth Tax Relief Reconciliation Act of 2003.

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IN THE HOUSE OF REPRESENTATIVES

MAY 12, 2005

Mr. WELLER 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 permanently extend the 50-percent bonus depreciation added by the Jobs and Growth Tax Relief Reconciliation Act of 2003.

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. PERMANENT EXTENSION OF 50-PERCENT**  
4 **BONUS DEPRECIATION.**

5 (a) IN GENERAL.—Subparagraph (B) of section  
6 168(k)(4) of the Internal Revenue Code of 1986 (relating  
7 to special allowance for certain property acquired after  
8 September 10, 2001, and before January 1, 2005) is  
9 amended to read as follows:

“(B) 50-PERCENT BONUS DEPRECIATION  
PROPERTY.—For purposes of this subsection,  
the term ‘50-percent bonus depreciation prop-  
erty’ means property described in paragraph  
(2)(A)(i)—

“(i) the original use of which com-  
mences with the taxpayer after May 5,  
2003, and

“(ii) which is acquired by the taxpayer  
after May 5, 2003, but only if no written  
binding contract for the acquisition was in  
effect before May 6, 2003.”

(b) REPEAL OF TERMINATION DATES FOR 30-PER-  
CENT BONUS DEPRECIATION PROPERTY.—Subparagraph  
(A) of section 168(k)(2) of such Code is amended by add-  
ing “and” at the end of clause (ii) and by striking clauses  
(iii) and (iv) and inserting the following new clause:

“(iii) which is—

“(I) acquired by the taxpayer  
after September 10, 2001, but only if  
no written binding contract for the ac-  
quisition was in effect before Sep-  
tember 11, 2001, or

“(II) acquired by the taxpayer  
pursuant to a written binding contract

1                   which was entered into after Sep-  
2                   tember 10, 2001.”

3       (c) TECHNICAL AMENDMENTS.—

4           (1) Paragraph (2) of section 168(k) of such  
5       Code is amended by striking subparagraph (B) and  
6       by redesignating the succeeding subparagraphs ac-  
7       cordingly.

8           (2) Clause (i) of section 168(k)(2)(D) of such  
9       Code, as redesignated by paragraph (1), is amended  
10      by striking “and before January 1, 2005”.

11          (3) The subsection heading for section 168(k)  
12      of such Code is amended by striking “, AND BEFORE  
13      JANUARY 1, 2005”.

14   **SEC. 2. LONG-TERM CONTRACT ACCOUNTING.**

15      Section 168(k)(2) of the Internal Revenue Code of  
16   1986 is amended by adding after subparagraph (F), as  
17   redesignated by section 1, the following new subpara-  
18   graph:

19                   “(F) LONG-TERM CONTRACT ACCOUNT-  
20                   ING.—The percentage of completion method  
21                   under section 460 shall be applied as if this  
22                   subsection had not been enacted.”.

1 **SEC. 3. ELECTION TO INCREASE MINIMUM TAX CREDIT**  
2 **LIMITATION IN LIEU OF BONUS DEPRECIATION.**  
3 **ATION.**

4 (a) IN GENERAL.—Section 53 of the Internal Rev-  
5 enue Code of 1986 (relating to credit for prior year min-  
6 imum tax liability) is amended by adding at the end of  
7 the following new subsection:

8 “(e) ADDITIONAL CREDIT IN LIEU OF BONUS DE-  
9 PRECIATION.—

10 “(1) IN GENERAL.—In the case of a corpora-  
11 tion making an election under this subsection for a  
12 taxable year, the limitation under subsection (c)  
13 shall be increased by an amount equal to the bonus  
14 depreciation amount.

15 “(2) BONUS DEPRECIATION AMOUNT.—For  
16 purposes of paragraph (1), the bonus depreciation  
17 amount for any taxable year is an amount equal to  
18 the product of—

19 “(A) 35 percent, and

20 “(B) the excess (if any) of—

21 “(i) the aggregate amount of depre-  
22 ciation which would be determined under  
23 section 168 for property placed in service  
24 during such taxable year if no election  
25 under this subsection were made, over

1 “(ii) the aggregate allowance for de-  
2preciation allowable with respect to such  
3property placed in service for such taxable  
4year.

5 “(3) ELECTION.—Section 168(k) (other than  
6paragraph (2)(E) thereof) shall not apply to any  
7property placed in service during a taxable year by  
8a corporation making an election under this sub-  
9section for such taxable year. An election under this  
10subsection may only be revoked with the consent of  
11the Secretary.

12 “(4) CREDIT REFUNDABLE.—The aggregate in-  
13crease in the credit allowed by this section for any  
14taxable year by reason of this subsection shall for  
15purposes of this title (other than subsection (b)(2)  
16of this section) be treated as a credit allowed to the  
17taxpayer under subpart C.”.

18 (b) CONFORMING AMENDMENT.—Subsection (k) of  
19section 168 of such Code is amended by adding at the  
20end the following new paragraph:

21 “(5) CROSS REFERENCE.—For an election to  
22claim certain minimum tax credits in lieu of the al-  
23lowance determined under this subsection, see sec-  
24tion 53(e).”.

1   **SEC. 4. EFFECTIVE DATE.**

2           The amendments made by this Act shall apply to tax-  
3   able years ending after December 31, 2004.

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