

109TH CONGRESS
1ST SESSION

H. R. 4129

To amend the Internal Revenue Code of 1986 to repeal certain limitations on the expensing of section 179 property, to allow taxpayers to elect shorter recovery periods for purposes of determining the deduction for depreciation, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 25, 2005

Mr. SESSIONS (for himself, Mr. TIAHRT, Mr. TERRY, Mr. FLAKE, and Mr. SWEENEY) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to repeal certain limitations on the expensing of section 179 property, to allow taxpayers to elect shorter recovery periods for purposes of determining the deduction for depreciation, 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 Property
5 Expands our Nation’s Strong Economy Act of 2005” or
6 as the “EXPENSE Act of 2005”.

1 **SEC. 2. REPEAL OF CERTAIN LIMITATIONS ON THE EX-**
2 **PENSING OF SECTION 179 PROPERTY.**

3 (a) IN GENERAL.—Section 179 of the Internal Rev-
4 enue Code of 1986 is amended by striking subsection (b)
5 and by redesignating subsections (c) and (d) as sub-
6 sections (b) and (c), respectively.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Subsection (c) of section 179 of such Code,
9 as redesignated by subsection (a), is amended by
10 striking paragraphs (6) and (8), and by redesign-
11 ating paragraphs (7), (9), and (10) as paragraphs
12 (6), (7), and (8), respectively.

13 (2) Paragraph (6) of section 179 of such Code,
14 as redesignated by paragraph (1) and subsection (a),
15 is amended by striking “paragraphs (2) and (6)”
16 and inserting “paragraph (2)”.

17 (3) Sections 42(d)(2)(B)(i), 1397D(d)(1),
18 1400B(b)(4)(A)(i) and 1400F(b)(4)(A)(i) of such
19 Code are each amended by striking “section
20 179(d)(2)” and inserting “section 179(c)(2)”.

21 (4) Subclause (I) of section 42(d)(2)(D)(iii) of
22 such Code is amended—

23 (A) by striking “section 179(d)” and in-
24 serting “section 179(c)”, and

25 (B) by striking “section 179(d)(7)” and
26 inserting “section 179(c)(6)”.

1 (5)(A) Subpart B of part III of subchapter U
2 of chapter 1 of such Code is hereby repealed.

3 (B) The table of subparts for such part III is
4 amended by striking the item relating to subpart B.

5 (6)(A) Part III of subchapter X of chapter 1 of
6 such Code is amended by striking section 1400J.

7 (B) The table of sections for such part is
8 amended by striking the item relating to section
9 1400J.

10 (C) Paragraph (3) of section 1400E(b) of such
11 Code is amended by striking “sections 1400F and
12 1400J” and inserting “section 1400F”.

13 (7) Clause (iv) of section 1400L(b)(2)(A) of
14 such Code is amended by striking “section 179(d)”
15 and inserting “section 179(c)”.

16 (8) Section 1400L of such Code is amended by
17 striking subsection (f).

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to property placed in service during
20 taxable years ending on or after the date of the enactment
21 of this Act.

1 **SEC. 3. ELECTION OF SHORTER RECOVERY PERIOD FOR**
 2 **PURPOSE OF DETERMINING DEPRECIATION**
 3 **DEDUCTION.**

4 (a) IN GENERAL.—Section 168 of the Internal Rev-
 5 enue Code of 1986 is amended by adding at the end the
 6 following new subsection:

7 “(1) ELECTION OF SHORTER RECOVERY PERIOD.—

8 “(1) IN GENERAL.—Notwithstanding sub-
 9 sections (c), (e), (g), and (j), for purposes of sub-
 10 section (a), the applicable recovery period for any
 11 property placed in service during a taxable year end-
 12 ing on or after the date of the enactment of this
 13 subsection shall not exceed any period of 2 or more
 14 years elected by the taxpayer with respect to such
 15 property.

16 “(2) ELECTION.—An election made under this
 17 subsection shall be made at such time and in such
 18 form and manner as the Secretary may require. An
 19 election under this subsection, once made, shall
 20 apply to the taxable year for which made and all
 21 subsequent taxable years unless revoked with the
 22 consent of the Secretary.

23 “(3) TRANSITION RULE.—In the case of any
 24 property placed in service during a taxable year end-
 25 ing before the date of the enactment of this sub-
 26 section, paragraph (1) shall apply with respect to

1 the adjusted basis of such property in the same
2 manner as if such property (with such adjusted
3 basis) were placed in service on the first day of the
4 taxable year which includes the date of the enact-
5 ment of this subsection. The application of this
6 paragraph shall not be treated as a change in meth-
7 od of accounting for purposes of section 481.”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall apply to property placed in service be-
10 fore, on, or after the date of the enactment of this Act.

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