

109TH CONGRESS  
1ST SESSION

# H. R. 4305

To amend the Internal Revenue Code of 1986 to provide increased expensing for section 179 property in the Gulf Opportunity Zone.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 10, 2005

Mrs. MUSGRAVE (for herself, Mr. FEENEY, Mr. GINGREY, Mr. KING of Iowa, Mr. GARRETT of New Jersey, Mr. JINDAL, Mr. DOOLITTLE, Mr. BARRETT of South Carolina, Mr. WILSON of South Carolina, Mr. KLINE, Mr. COLE of Oklahoma, Mr. WESTMORELAND, Mr. ISSA, Mr. WELDON of Florida, Mr. FORTENBERRY, and Mr. HENSARLING) 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 provide increased expensing for section 179 property in the Gulf Opportunity Zone.

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. INCREASE IN EXPENSING UNDER SECTION 179**

4 **FOR GULF OPPORTUNITY ZONE PROPERTY.**

5 (a) IN GENERAL.—Section 179 of the Internal Rev-  
6 enue Code of 1986 is amended by adding at the end the  
7 following new subsection:

1       “(e) INCREASE IN LIMITATION FOR GULF OPPOR-  
2 TUNITY ZONE PROPERTY.—

3               “(1) IN GENERAL.—For purposes of this sec-  
4 tion—

5                       “(A) the dollar amount in effect under  
6 subsection (b)(1) for the taxable year shall be  
7 increased by the lesser of—

8                               “(i) \$100,000, or

9                               “(ii) the cost of qualified section 179  
10 Gulf Opportunity Zone property placed in  
11 service during the taxable year, and

12                       “(B) the the dollar amount in effect under  
13 subsection (b)(2) for the taxable year shall be  
14 increased by the lesser of—

15                               “(i) \$600,000, or

16                               “(ii) the cost of qualified section 179  
17 Gulf Opportunity Zone property placed in  
18 service during the taxable year.

19               “(2) QUALIFIED SECTION 179 GULF OPPOR-  
20 TUNITY ZONE PROPERTY.—For purposes of this sub-  
21 section, the term ‘qualified section 179 Gulf Oppor-  
22 tunity Zone property’ means section 179 property  
23 which is qualified Gulf Opportunity Zone property.

24               “(3) QUALIFIED GULF OPPORTUNITY ZONE  
25 PROPERTY.— For purposes of this subsection—

1           “(A) IN GENERAL.—The term ‘qualified  
2 Gulf Opportunity Zone property’ means prop-  
3 erty—

4           “(i) which is described in section  
5 168(k)(2)(A)(i),

6           “(ii) substantially all of the use of  
7 which is in the Gulf Opportunity Zone and  
8 is in the active conduct of a trade or busi-  
9 ness by the taxpayer in such Zone,

10           “(iii) the original use of which in the  
11 Gulf Opportunity Zone commences with  
12 the taxpayer on or after August 28, 2005,

13           “(iv) which is acquired by the tax-  
14 payer by purchase (as defined in sub-  
15 section (d)) on or after August 28, 2005,  
16 but only if no written binding contract for  
17 the acquisition was in effect before August  
18 28, 2005, and

19           “(v) which is placed in service by the  
20 taxpayer on or before December 31, 2007.

21           “(B) EXCEPTIONS.—

22           “(i) ALTERNATIVE DEPRECIATION  
23 PROPERTY.—Such term shall not include  
24 any property described in section  
25 168(k)(2)(D)(i).

1           “(ii) TAX-EXEMPT BOND-FINANCED  
2           PROPERTY.—Such term shall not include  
3           any property any portion of which is fi-  
4           nanced with the proceeds of any obligation  
5           the interest on which is exempt from tax  
6           under section 103.

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

13          “(4) GULF OPPORTUNITY ZONE; HURRICANE  
14          KATRINA DISASTER AREA.—For purposes of this  
15          subsection—

16               “(A) GULF OPPORTUNITY ZONE.—The  
17               term ‘Gulf Opportunity Zone’ means that por-  
18               tion of the Hurricane Katrina disaster area de-  
19               termined by the President to warrant individual  
20               or individual and public assistance from the  
21               Federal Government under the Robert T. Staf-  
22               ford Disaster Relief and Emergency Assistance  
23               Act by reason of Hurricane Katrina.

24               “(B) HURRICANE KATRINA DISASTER  
25               AREA.—The term ‘Hurricane Katrina disaster

1 area' means an area with respect to which a  
2 major disaster has been declared by the Presi-  
3 dent before September 14, 2005, under section  
4 401 of such Act by reason of Hurricane  
5 Katrina.

6 “(5) COORDINATION WITH EMPOWERMENT  
7 ZONES AND RENEWAL COMMUNITIES.—For purposes  
8 of sections 1397A and 1400J, qualified section 179  
9 Gulf Opportunity Zone property shall not be treated  
10 as qualified zone property or qualified renewal prop-  
11 erty, unless the taxpayer elects not to take such  
12 qualified section 179 Gulf Opportunity Zone prop-  
13 erty into account for purposes of this subsection.

14 “(6) RECAPTURE.—For purposes of this sub-  
15 section, rules similar to the rules under subsection  
16 (d)(10) shall apply with respect to any qualified sec-  
17 tion 179 Gulf Opportunity Zone property which  
18 ceases to be qualified section 179 Gulf Opportunity  
19 Zone property.”.

20 (b) EFFECTIVE DATE.—The amendment made by  
21 subsection (a) shall apply to property placed in service  
22 after August 28, 2005.

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