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112TH CONGRESS
2D SESSION

H. R. 5974

To amend the Internal Revenue Code of 1986 to extend bonus depreciation, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 2012

Mr. LEVIN (for himself, Mr. RANGEL, Mr. STARK, Mr. MCDERMOTT, Mr. LEWIS of Georgia, Mr. NEAL, Mr. BECERRA, Mr. THOMPSON of California, Mr. LARSON of Connecticut, Mr. BLUMENAUER, Mr. KIND, Mr. PASCRELL, Ms. BERKLEY, Mr. CROWLEY, and Mr. VAN HOLLEN) 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 extend bonus depreciation, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Invest in America Now Act of 2012''.

SEC. 2. EXTENSION OF ALLOWANCE FOR BONUS DEPRECIATION FOR CERTAIN BUSINESS ASSETS.

(a) EXTENSION OF 100 PERCENT BONUS DEPRECIATION FOR 2012.—

(1) IN GENERAL.—Paragraph (5) of section 168(k) of the Internal Revenue Code of 1986 is amended—

(A) by striking "January 1, 2012" each place it appears and inserting "January 1, 2013", and

(B) by striking "January 1, 2013" and inserting "January 1, 2014".

(2) CONFORMING AMENDMENTS.—

(A) The heading for paragraph (5) of section 168(k) of such Code is amended by striking "PRE-2012 PERIODS" and inserting "PRE-2013 PERIODS".

(B) Clause (ii) of section 460(c)(6)(B) of such Code is amended by striking "January 1, 2011 (January 1, 2012" and inserting "January 1, 2013 (January 1, 2014".

(3) EFFECTIVE DATES.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by this subsection shall apply to property placed in service after December 31, 2011.

(B) CONFORMING AMENDMENT.—The amendment made by paragraph (2)(B) shall apply to property placed in service after December 31, 2010.

(b) EXPANSION OF ELECTION TO ACCELERATE AMT CREDITS IN LIEU OF BONUS DEPRECIATION.—

(1) IN GENERAL.—Paragraph (4) of section 168(k) of the Internal Revenue Code of 1986 is amended to read as follows:

"(4) ELECTION TO ACCELERATE AMT CREDITS IN LIEU OF BONUS DEPRECIATION.—

"(A) IN GENERAL.—If a corporation elects to have this paragraph apply for any taxable year—

"(i) paragraph (1) shall not apply to any eligible qualified property placed in service by the taxpayer in such taxable year,

"(ii) the applicable depreciation method used under this section with respect to such property shall be the straight line method, and

"(iii) the limitation imposed by section 53(c) for such taxable year shall be increased by the bonus depreciation amount which is determined for such taxable year under subparagraph (B).

"(B) BONUS DEPRECIATION AMOUNT.—For purposes of this paragraph—

"(i) IN GENERAL.—The bonus depreciation amount for any taxable year is an amount equal to 20 percent of the excess (if any) of—

"(I) the aggregate amount of depreciation which would be allowed under this section for eligible qualified property placed in service by the taxpayer during such taxable year if paragraph (1) applied to all such property, over

"(II) the aggregate amount of depreciation which would be allowed under this section for eligible qualified property placed in service by the taxpayer during such taxable year if paragraph (1) did not apply to any such property.

The aggregate amounts determined under subclauses (I) and (II) shall be determined without regard to any election made under subsection (b)(2)(D), (b)(3)(D), or (g)(7) and without regard to subparagraph (A)(ii).

"(ii) LIMITATION.—The bonus depreciation amount for any taxable year shall not exceed the lesser of—

"(I) 50 percent of the minimum tax credit under section 53(b) for the first taxable year ending after December 31, 2011, reduced (but not below zero) by the sum of the bonus depreciation amounts for all taxable years ending after such date for which an election under this paragraph was made which precede the taxable year for which the determination is made (other than amounts determined with respect to property placed in service by the taxpayer on or before such date), or

"(II) the minimum tax credit under section 53(b) for such taxable year determined by taking into account only the adjusted minimum tax for taxable years ending before January 1, 2012 (determined by treating credits as allowed on a first-in, first-out basis).

"(iii) AGGREGATION RULE.—All corporations which are treated as a single employer under section 52(a) shall be treated—

"(I) as 1 taxpayer for purposes of this paragraph, and

"(II) as having elected the application of this paragraph if any such corporation so elects.

"(C) ELIGIBLE QUALIFIED PROPERTY.—For purposes of this paragraph, the term 'eligible qualified property' means qualified property under paragraph (2), except that in applying paragraph (2) for purposes of this paragraph—

"(i) 'March 31, 2008' shall be substituted for 'December 31, 2007' each place it appears in subparagraph (A) and clauses (i) and (ii) of subparagraph (E) thereof,

"(ii) 'April 1, 2008' shall be substituted for 'January 1, 2008' in subparagraph (A)(iii)(I) thereof, and "(iii) only adjusted basis attributable to manufacture, construction, or production—

"(I) after March 31, 2008, and before January 1, 2010, and

"(II) after December 31, 2010, and before January 1, 2013, shall be taken into account under subparagraph (B)(ii) thereof.

"(D) CREDIT REFUNDABLE.—For purposes of section 6401(b), the aggregate increase in the credits allowable under part IV of subchapter A for any taxable year resulting from the application of this paragraph shall be treated as allowed under subpart C of such part (and not any other subpart).

"(E) OTHER RULES.—

"(i) ELECTION.—Any election under this paragraph may be revoked only with the consent of the Secretary.

"(ii) PARTNERSHIPS WITH ELECTING PARTNERS.—In the case of a corporation making an election under subparagraph (A) and which is a partner in a partnership, for purposes of determining such corporation's distributive share of partnership items under section 702—

"(I) paragraph (1) shall not apply to any eligible qualified property, and

"(II) the applicable depreciation method used under this section with respect to such property shall be the straight line method.

"(iii) CERTAIN PARTNERSHIPS.—In the case of a partnership in which more than 50 percent of the capital and profits interests are owned (directly or indirectly) at all times during the taxable year by one corporation (or by corporations treated as 1 taxpayer under subparagraph (B)(iii)), for purposes of subparagraph (B), each partner shall take into account its distributive share of the amounts determined by the partnership under subclauses (I) and (II) of clause (i) of such subparagraph for the taxable year of the partnership ending with or within the taxable year of the partner. The preceding sentence shall apply only to amounts determined with respect to property placed in service after December 31, 2011.

"(iv) SPECIAL RULE FOR PASSENGER AIRCRAFT.—In the case of any passenger aircraft, the written binding contract limitation under paragraph (2)(A)(iii)(I) shall not apply for purposes of subparagraphs (B)(i)(I) and (C).".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to taxable years ending after December 31, 2011.

(3) TRANSITIONAL RULE.—In the case of a taxable year beginning before January 1, 2012, and ending after December 31, 2011, the bonus depreciation amount determined under paragraph (4) of section 168(k) of the Internal Revenue Code of 1986 for such year shall be the sum of—

(A) such amount determined under such paragraph as in effect on the date before the date of enactment of this Act—

(i) taking into account only property placed in service before January 1, 2012, and

(ii) multiplying the limitation under subparagraph (C)(ii) of such paragraph (as so in effect) by a fraction the numerator of which is the number of days in the taxable year before January 1, 2012, and the denominator of which is the number of days in the taxable year, and

(B) such amount determined under such paragraph as amended by this Act—

(i) taking into account only property placed in service after December 31, 2011, and

(ii) multiplying the limitation under subparagraph (B)(ii) of such paragraph (as so in effect) by a fraction the numerator of which is the number of days in the taxable year after December 31, 2011, and the denominator of which is the number of days in the taxable year.

SEC. 3. LIMITATION ON SECTION 199 DEDUCTION ATTRIBUTABLE TO OIL, NATURAL GAS, OR PRIMARY PRODUCTS THEREOF.

(a) DENIAL OF DEDUCTION.—Paragraph (4) of section 199(c) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

"(E) SPECIAL RULE FOR CERTAIN OIL AND GAS INCOME.—In the case of any taxpayer who is a major integrated oil company (as defined in section 167(h)(5)(B)) for the taxable year, the term 'domestic production gross receipts' shall not include gross receipts from the production, transportation, or distribution of oil, natural gas, or any primary product (within the meaning of subsection (d)(9)) thereof.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2011.

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