

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.

IN THE HOUSE OF REPRESENTATIVES

MAY 12, 2005

Mr. WELLER 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 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:

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

6 “(i) the original use of which com-
7 mences with the taxpayer after May 5,
8 2003, and

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

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

18 “(iii) which is—

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

24 “(II) acquired by the taxpayer
25 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-
2 preciation allowable with respect to such
3 property placed in service for such taxable
4 year.

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

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

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

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