

112TH CONGRESS
1ST SESSION

S. 1873

To amend the Internal Revenue Code of 1986 to extend for 1 year the allowance for bonus depreciation and the increased expensing limitations for depreciable business assets.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 15, 2011

Mr. LUGAR introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to extend for 1 year the allowance for bonus depreciation and the increased expensing limitations for depreciable business assets.

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 “Bonus Depreciation
5 and Small Business Expense Extension Act”.

1 **SEC. 2. EXTENSION OF BONUS DEPRECIATION; TEMPORARY**
2 **100 PERCENT EXPENSING FOR CERTAIN BUSI-**
3 **NESS ASSETS.**

4 (a) IN GENERAL.—Paragraph (2) of section 168(k)
5 of the Internal Revenue Code of 1986 is amended—

6 (1) by striking “January 1, 2014” in subpara-
7 graph (A)(iv) and inserting “January 1, 2015”, and

8 (2) by striking “January 1, 2013” each place
9 it appears and inserting “January 1, 2014”.

10 (b) TEMPORARY 100 PERCENT EXPENSING.—Para-
11 graph (5) of section 168(k) of the Internal Revenue Code
12 of 1986 is amended—

13 (1) by striking “2013” and inserting “2014”,
14 and

15 (2) by striking “2012” each place it appears in
16 the text and heading and inserting “2013”.

17 (c) EXTENSION OF ELECTION TO ACCELERATE THE
18 AMT CREDIT IN LIEU OF BONUS DEPRECIATION.—

19 (1) IN GENERAL.—Subclause (II) of section
20 168(k)(4)(D)(iii) of the Internal Revenue Code of
21 1986 is amended by striking “2013” and inserting
22 “2014”.

23 (2) ROUND 3 EXTENSION PROPERTY.—Para-
24 graph (4) of section 168(k) of such Code is amended
25 by adding at the end the following new subpara-
26 graph:

1 “(J) SPECIAL RULES FOR ROUND 3 EX-
2 TENSION PROPERTY.—

3 “(i) IN GENERAL.—In the case of
4 round 3 extension property, this paragraph
5 shall be applied without regard to—

6 “(I) the limitation described in
7 subparagraph (B)(i) thereof, and

8 “(II) the business credit increase
9 amount under subparagraph (E)(iii)
10 thereof.

11 “(ii) TAXPAYERS PREVIOUSLY ELECT-
12 ING ACCELERATION.—In the case of a tax-
13 payer who made the election under sub-
14 paragraph (A) for its first taxable year
15 ending after March 31, 2008, a taxpayer
16 who made the election under subparagraph
17 (H)(ii) for its first taxable year ending
18 after December 31, 2008, or a taxpayer
19 who made the election under subparagraph
20 (I)(iii) for its first taxable year ending
21 after December 31, 2010—

22 “(I) the taxpayer may elect not
23 to have this paragraph apply to round
24 3 extension property, but

1 “(II) if the taxpayer does not
2 make the election under subclause (I),
3 in applying this paragraph to the tax-
4 payer the bonus depreciation amount,
5 maximum amount, and maximum in-
6 crease amount shall be computed and
7 applied to eligible qualified property
8 which is round 3 extension property.

9 The amounts described in subclause (II)
10 shall be computed separately from any
11 amounts computed with respect to eligible
12 qualified property which is not round 2 ex-
13 tension property.

14 “(iii) TAXPAYERS NOT PREVIOUSLY
15 ELECTING ACCELERATION.—In the case of
16 a taxpayer who neither made the election
17 under subparagraph (A) for its first tax-
18 able year ending after March 31, 2008,
19 nor made the election under subparagraph
20 (H)(ii) for its first taxable year ending
21 after December 31, 2008, nor made the
22 election under subparagraph (I)(iii) for its
23 first taxable year ending after December
24 31, 2010—

1 “(I) the taxpayer may elect to
2 have this paragraph apply to its first
3 taxable year ending after December
4 31, 2011, and each subsequent tax-
5 able year, and

6 “(II) if the taxpayer makes the
7 election under subclause (I), this
8 paragraph shall only apply to eligible
9 qualified property which is round 3
10 extension property.

11 “(iv) ROUND 3 EXTENSION PROP-
12 PERTY.—For purposes of this subpara-
13 graph, the term ‘round 3 extension prop-
14 erty’ means property which is eligible
15 qualified property solely by reason of the
16 extension of the application of the special
17 allowance under paragraph (1) pursuant to
18 the amendments made by section 2(a) of
19 the Bonus Depreciation and Small Busi-
20 ness Expense Extension Act (and the ap-
21 plication of such extension to this para-
22 graph pursuant to the amendment made
23 by section 2(e)(1) of such Act).”.

24 (d) CONFORMING AMENDMENTS.—

1 (1) The heading for subsection (k) of section
2 168 of the Internal Revenue Code of 1986 is amend-
3 ed by striking “JANUARY 1, 2013” and inserting
4 “JANUARY 1, 2014”.

5 (2) The heading for clause (ii) of section
6 168(k)(2)(B) of such Code is amended by striking
7 “PRE-JANUARY 1, 2013” and inserting “PRE-JANU-
8 ARY 1, 2014”.

9 (3) Paragraph (5) of section 168(l) of such
10 Code is amended—

11 (A) by striking “and” at the end of sub-
12 paragraph (A),

13 (B) by redesignating subparagraph (C) as
14 subparagraph (B), and

15 (C) by inserting after subparagraph (A)
16 the following new subparagraph:

17 “(B) by substituting ‘January 1, 2013’ for
18 ‘January 1, 2014’ in clause (i) thereof, and”.

19 (4) Subparagraph (C) of section 168(n)(2) of
20 such Code is amended by striking “January 1,
21 2013” and inserting “January 1, 2014”.

22 (5) Subparagraph (D) of section 1400L(b)(2)
23 of such Code is amended by striking “January 1,
24 2013” and inserting “January 1, 2014”.

1 (6) Subparagraph (B) of section 1400N(d)(3)
2 of such Code is amended by striking “January 1,
3 2013” and inserting “January 1, 2014”.

4 (e) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to property placed in service after
6 December 31, 2011, in taxable years ending after such
7 date.

8 **SEC. 3. EXTENSION OF INCREASED EXPENSING LIMITA-**
9 **TIONS FOR CERTAIN DEPRECIABLE BUSI-**
10 **NESS ASSETS AND TREATMENT OF CERTAIN**
11 **REAL PROPERTY AS SECTION 179 PROPERTY.**

12 (a) IN GENERAL.—Section 179(b) of the Internal
13 Revenue Code of 1986 is amended—

14 (1) by striking “2010 or 2011” each place it
15 appears in paragraph (1)(B) and (2)(B) and insert-
16 ing “2010, 2011, or 2012”,

17 (2) by striking “2012” each place it appears in
18 paragraph (1)(C) and (2)(C) and inserting “2013”,
19 and

20 (3) by striking “2012” each place it appears in
21 paragraph (1)(D) and (2)(D) and inserting “2013”.

22 (b) INFLATION ADJUSTMENT.—Subparagraph (A) of
23 section 179(b)(6) of the Internal Revenue Code of 1986
24 is amended by striking “2012” and inserting “2013”.

1 (c) COMPUTER SOFTWARE.—Section 179(d)(1)(A)(ii)
2 of the Internal Revenue Code of 1986 is amended by strik-
3 ing “2013” and inserting “2014”.

4 (d) ELECTION.—Section 179(c)(2) of the Internal
5 Revenue Code of 1986 is amended by striking “2013” and
6 inserting “2014”.

7 (e) SPECIAL RULES FOR TREATMENT OF QUALIFIED
8 REAL PROPERTY.—Section 179(f)(1) of the Internal Rev-
9 enue Code of 1986 is amended by striking “2010 or 2011”
10 and inserting “2010, 2011, or 2012”.

11 (f) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 December 31, 2011.

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