

April 15, 2013

Dear Chairman Camp and Working Group Chairman Gerlach,

The current system of asset depreciation employed by the Internal Revenue Service (IRS) is artificially inhibiting economic growth at a time when Congress needs to create incentives for American businesses to reinvest in their companies, buy new equipment and hire new workers. By forcing companies to depreciate their assets over an arbitrary period of time, the United States also puts its domestic companies at a competitive disadvantage with their foreign competitors.

Restructuring the current system of asset depreciation will enable companies to allocate their capital more efficiently by allowing them to buy new equipment and grow their business as technology improves and the market demands – not as dictated by an arbitrary depreciation table.

That is why I am submitting the EXPENSE Act of 2013 (Expensing Property Expands our Nation's Strong Economy Act of 2013) to be part of the tax reform discussion. This legislation will spur overall economic and job growth by creating incentives for American enterprise to reinvest in their businesses, new equipment, and people to run that equipment.

This legislation consists of 3 parts:

- Part 1: Provides for the immediate and permanent extension of depreciation (expensing) of section 179 business assets along a less than two-year schedule if an individual company so chooses, without dollar limitations.
- Part 2: Provides for the longer-term depreciation of these business assets along a schedule to be determined by individual businesses (with the option to use the asset depreciation schedules currently in place if the business so chooses).
- Part 3: Provides for the accelerated depreciation of assets currently on the books using an election to bring these “dead” assets off the books, so playing by the rules does not harm companies with large amounts of non-depreciated assets still on the books.

Sincerely,



PETE SESSIONS
Member of Congress

113th CONGRESS

1st Session

H. R. 408

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.

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 'Expensing Property Expands our Nation's Strong Economy Act of 2013' or as the 'EXPENSE Act of 2013'.

SEC. 2. REPEAL OF CERTAIN LIMITATIONS ON THE EXPENSING OF SECTION 179 PROPERTY.

(a) In General- Section 179 of the Internal Revenue Code of 1986 is amended by striking subsections (b) and (e) and by redesignating subsections (c), (d), and (f) as subsections (b), (c), and (d), respectively.

(b) Conforming Amendments-

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

(2) Paragraph (6) of section 179(c) of such Code, as redesignated by paragraph (1) and subsection (a), is amended by striking 'paragraphs (2) and (6)' and inserting 'paragraph (2)'.

(3) Subsection (d) of section 179 of such Code, as redesignated by subsection (a), is amended--

(A) by striking 'in 2010, 2011, 2012, or 2013' in paragraph (1), and

(B) by striking paragraphs (3) and (4).

(4) Sections 42(d)(2)(B)(i), 1397D(d)(1), 1400B(b)(4)(A)(i) and 1400F(b)(4)(A)(i) of such Code are each amended by striking 'section 179(d)(2)' and inserting 'section 179(c)(2)'.

(5) Subclause (I) of section 42(d)(2)(D)(iii) of such Code is amended--

(A) by striking 'section 179(d)' and inserting 'section 179(c)', and

(B) by striking 'section 179(d)(7)' and inserting 'section 179(c)(6)'.

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

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

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

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

(C) Paragraph (3) of section 1400E(b) of such Code is amended by striking `sections 1400F and 1400J' and inserting `section 1400F'.

(8) Clause (iv) of section 1400L(b)(2)(A) of such Code is amended by striking `section 179(d)' and inserting `section 179(c)'.

(9) Section 1400L of such Code is amended by striking subsection (f).

(c) Effective Date- The amendments made by this section shall apply to property placed in service during taxable years ending on or after the date of the enactment of this Act.

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

(a) In General- Section 168 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

`(o) Election of Shorter Recovery Period-

`(1) IN GENERAL- Notwithstanding subsections (c), (e), (g), and (j), for purposes of subsection (a), the applicable recovery period for any property placed in service during a taxable year ending on or after the date of the enactment of this subsection shall not exceed any period of two or more years elected by the taxpayer with respect to such property.

`(2) ELECTION- An election made under this subsection shall be made at such time and in such form and manner as the Secretary may require. An election under this subsection, once made, shall apply to the taxable year for which made and all subsequent taxable years unless revoked with the consent of the Secretary.

`(3) TRANSITION RULE- In the case of any property placed in service during a taxable year ending before the date of the enactment of this subsection, paragraph (1) shall apply with respect to the adjusted basis of such property in the same manner as if such property (with such adjusted basis) were placed in service on the first day of the taxable year which includes the date of the enactment of this subsection. The application of this paragraph shall not be treated as a change in method of accounting for purposes of section 481.'.

(b) Effective Date- The amendment made by this section shall apply to property placed in service before, on, or after the date of the enactment of this Act.