

114TH CONGRESS  
1ST SESSION

# H. R. 2510

To amend the Internal Revenue Code of 1986 to modify and make permanent bonus depreciation.

---

## IN THE HOUSE OF REPRESENTATIVES

MAY 21, 2015

Mr. TIBERI (for himself, Mr. SMITH of Missouri, Mr. BUCHANAN, Mr. KELLY of Pennsylvania, Mr. REED, Mr. NUNES, Mrs. BLACK, Mr. BRADY of Texas, Mr. REICHERT, Mr. MEEHAN, Mr. MARCHANT, Mr. YOUNG of Indiana, Mr. PAULSEN, Mr. RENACCI, Mrs. NOEM, Mr. DOLD, Mr. ROSKAM, Ms. JENKINS of Kansas, Mr. BOUSTANY, Mr. HOLDING, Ms. SINEMA, Mr. HUIZENGA of Michigan, Mr. WALBERG, and Mr. MOOLENAAR) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

---

## A BILL

To amend the Internal Revenue Code of 1986 to modify and make permanent bonus depreciation.

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. BONUS DEPRECIATION MODIFIED AND MADE**  
4 **PERMANENT.**

5 (a) MADE PERMANENT; APPLICABLE TO QUALIFIED  
6 IMPROVEMENT PROPERTY.—

1           (1) IN GENERAL.—Section 168(k)(2) of the In-  
2           ternal Revenue Code of 1986 is amended to read as  
3           follows:

4           “(2) QUALIFIED PROPERTY.—For purposes of  
5           this subsection—

6                   “(A) IN GENERAL.—The term ‘qualified  
7                   property’ means property—

8                           “(i)(I) to which this section applies  
9                           which has a recovery period of 20 years or  
10                           less,

11                           “(II) which is computer software (as  
12                           defined in section 167(f)(1)(B)) for which  
13                           a deduction is allowable under section  
14                           167(a) without regard to this subsection,

15                           “(III) which is water utility property,  
16                           or

17                           “(IV) which is qualified improvement  
18                           property, and

19                           “(ii) the original use of which com-  
20                           mences with the taxpayer.

21                   “(B) EXCEPTION FOR ALTERNATIVE DE-  
22                   PRECIATION PROPERTY.—The term ‘qualified  
23                   property’ shall not include any property to  
24                   which the alternative depreciation system under  
25                   subsection (g) applies, determined—

1 “(i) without regard to paragraph (7)  
2 of subsection (g) (relating to election to  
3 have system apply), and

4 “(ii) after application of section  
5 280F(b) (relating to listed property with  
6 limited business use).

7 “(C) SPECIAL RULES.—

8 “(i) SALE-LEASEBACKS.—For pur-  
9 poses of clause (ii) and subparagraph  
10 (A)(ii), if property is—

11 “(I) originally placed in service  
12 by a person, and

13 “(II) sold and leased back by  
14 such person within 3 months after the  
15 date such property was originally  
16 placed in service,

17 such property shall be treated as originally  
18 placed in service not earlier than the date  
19 on which such property is used under the  
20 leaseback referred to in subclause (II).

21 “(ii) SYNDICATION.—For purposes of  
22 subparagraph (A)(ii), if—

23 “(I) property is originally placed  
24 in service by the lessor of such prop-  
25 erty,

1           “(II) such property is sold by  
2           such lessor or any subsequent pur-  
3           chaser within 3 months after the date  
4           such property was originally placed in  
5           service (or, in the case of multiple  
6           units of property subject to the same  
7           lease, within 3 months after the date  
8           the final unit is placed in service, so  
9           long as the period between the time  
10          the first unit is placed in service and  
11          the time the last unit is placed in  
12          service does not exceed 12 months),  
13          and

14           “(III) the user of such property  
15          after the last sale during such 3-  
16          month period remains the same as  
17          when such property was originally  
18          placed in service,

19          such property shall be treated as originally  
20          placed in service not earlier than the date  
21          of such last sale.

22          “(D) COORDINATION WITH SECTION  
23          280F.—For purposes of section 280F—

24           “(i) AUTOMOBILES.—In the case of a  
25          passenger automobile (as defined in section

1 280F(d)(5)) which is qualified property,  
2 the Secretary shall increase the limitation  
3 under section 280F(a)(1)(A)(i) by \$8,000.

4 “(ii) LISTED PROPERTY.—The deduc-  
5 tion allowable under paragraph (1) shall be  
6 taken into account in computing any re-  
7 capture amount under section 280F(b)(2).

8 “(iii) INFLATION ADJUSTMENT.—In  
9 the case of any taxable year beginning in  
10 a calendar year after 2015, the \$8,000  
11 amount in clause (i) shall be increased by  
12 an amount equal to—

13 “(I) such dollar amount, multi-  
14 plied by

15 “(II) the automobile price infla-  
16 tion adjustment determined under sec-  
17 tion 280F(d)(7)(B)(i) for the calendar  
18 year in which such taxable year begins  
19 by substituting ‘2014’ for ‘1987’ in  
20 subclause (II) thereof.

21 If any increase under the preceding sen-  
22 tence is not a multiple of \$100, such in-  
23 crease shall be rounded to the nearest mul-  
24 tiple of \$100.

1           “(E) DEDUCTION ALLOWED IN COMPUTING  
2           MINIMUM TAX.—For purposes of determining  
3           alternative minimum taxable income under sec-  
4           tion 55, the deduction under section 167 for  
5           qualified property shall be determined without  
6           regard to any adjustment under section 56.”.

7           (2) QUALIFIED IMPROVEMENT PROPERTY.—  
8           Section 168(k)(3) of such Code is amended to read  
9           as follows:

10           “(3) QUALIFIED IMPROVEMENT PROPERTY.—  
11           For purposes of this subsection—

12           “(A) IN GENERAL.—The term ‘qualified  
13           improvement property’ means any improvement  
14           to an interior portion of a building which is  
15           nonresidential real property if such improve-  
16           ment is placed in service after the date such  
17           building was first placed in service.

18           “(B) CERTAIN IMPROVEMENTS NOT IN-  
19           CLUDED.—Such term shall not include any im-  
20           provement for which the expenditure is attrib-  
21           utable to—

22                   “(i) the enlargement of the building,

23                   “(ii) any elevator or escalator, or

24                   “(iii) the internal structural frame-  
25                   work of the building.”.

1 (b) EXPANSION OF ELECTION TO ACCELERATE AMT  
2 CREDITS IN LIEU OF BONUS DEPRECIATION.—Section  
3 168(k)(4) of such Code is amended to read as follows:

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

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

9 “(i) paragraphs (1) and (2)(D) shall  
10 not apply to any qualified property placed  
11 in service during such taxable year,

12 “(ii) the applicable depreciation meth-  
13 od used under this section with respect to  
14 such property shall be the straight line  
15 method, and

16 “(iii) the limitation imposed by section  
17 53(c) for such taxable year shall be in-  
18 creased by the bonus depreciation amount  
19 which is determined for such taxable year  
20 under subparagraph (B).

21 “(B) BONUS DEPRECIATION AMOUNT.—

22 For purposes of this paragraph—

23 “(i) IN GENERAL.—The bonus depre-  
24 ciation amount for any taxable year is an

1 amount equal to 20 percent of the excess  
2 (if any) of—

3 “(I) the aggregate amount of de-  
4preciation which would be allowed  
5under this section for qualified prop-  
6erty placed in service by the taxpayer  
7during such taxable year if paragraph  
8(1) applied to all such property (and,  
9in the case of any such property which  
10is a passenger automobile (as defined  
11in section 280F(d)(5)), if paragraph  
12(2)(D) applied to such automobile),  
13over

14 “(II) the aggregate amount of  
15depreciation which would be allowed  
16under this section for qualified prop-  
17erty placed in service by the taxpayer  
18during such taxable year if para-  
19graphs (1) and (2)(D) did not apply  
20to any such property.

21 The aggregate amounts determined under  
22subclauses (I) and (II) shall be determined  
23without regard to any election made under  
24subparagraph (A) or subsection (b)(2)(D),  
25(b)(3)(D), or (g)(7).



1           “(ii) LIMITATION.—The bonus depre-  
2           ciation amount for any taxable year shall  
3           not exceed the lesser of—

4                   “(I) 50 percent of the minimum  
5                   tax credit under section 53(b) for the  
6                   first taxable year ending after Decem-  
7                   ber 31, 2014, or

8                   “(II) the minimum tax credit  
9                   under section 53(b) for such taxable  
10                  year determined by taking into ac-  
11                  count only the adjusted net minimum  
12                  tax for taxable years ending before  
13                  January 1, 2015 (determined by  
14                  treating credits as allowed on a first-  
15                  in, first-out basis).

16           “(iii) AGGREGATION RULE.—All cor-  
17           porations which are treated as a single em-  
18           ployer under section 52(a) shall be treat-  
19           ed—

20                   “(I) as 1 taxpayer for purposes  
21                   of this paragraph, and

22                   “(II) as having elected the appli-  
23                   cation of this paragraph if any such  
24                   corporation so elects.

1           “(C) CREDIT REFUNDABLE.—For pur-  
2           poses of section 6401(b), the aggregate increase  
3           in the credits allowable under part IV of sub-  
4           chapter A for any taxable year resulting from  
5           the application of this paragraph shall be treat-  
6           ed as allowed under subpart C of such part  
7           (and not any other subpart).

8           “(D) OTHER RULES.—

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

12          “(ii) PARTNERSHIPS WITH ELECTING  
13          PARTNERS.—In the case of a corporation  
14          which is a partner in a partnership and  
15          which makes an election under subpara-  
16          graph (A) for the taxable year, for pur-  
17          poses of determining such corporation’s  
18          distributive share of partnership items  
19          under section 702 for such taxable year—

20                 “(I) paragraphs (1) and (2)(D)  
21                 shall not apply to any qualified prop-  
22                 erty placed in service during such tax-  
23                 able year, and

24                 “(II) the applicable depreciation  
25                 method used under this section with

1                   respect to such property shall be the  
2                   straight line method.

3                   “(iii) CERTAIN PARTNERSHIPS.—In  
4                   the case of a partnership in which more  
5                   than 50 percent of the capital and profits  
6                   interests are owned (directly or indirectly)  
7                   at all times during the taxable year by 1  
8                   corporation (or by corporations treated as  
9                   1 taxpayer under subparagraph (B)(iii)),  
10                  each partner shall compute its bonus de-  
11                  preciation amount under clause (i) of sub-  
12                  paragraph (B) by taking into account its  
13                  distributive share of the amounts deter-  
14                  mined by the partnership under subclauses  
15                  (I) and (II) of such clause for the taxable  
16                  year of the partnership ending with or  
17                  within the taxable year of the partner.”.

18                  (c) SPECIAL RULES FOR CERTAIN PLANTS BEARING  
19 FRUITS AND NUTS.—Section 168(k) of such Code is  
20 amended—

21                   (1) by striking paragraph (5), and

22                   (2) by inserting after paragraph (4) the fol-  
23                  lowing new paragraph:

24                   “(5) SPECIAL RULES FOR CERTAIN PLANTS  
25                  BEARING FRUITS AND NUTS.—

1           “(A) IN GENERAL.—In the case of any  
2 specified plant which is planted, or is grafted to  
3 a plant that has already been planted, by the  
4 taxpayer in the ordinary course of the tax-  
5 payer’s farming business (as defined in section  
6 263A(e)(4)) during a taxable year for which the  
7 taxpayer has elected the application of this  
8 paragraph—

9           “(i) a depreciation deduction equal to  
10 50 percent of the adjusted basis of such  
11 specified plant shall be allowed under sec-  
12 tion 167(a) for the taxable year in which  
13 such specified plant is so planted or graft-  
14 ed, and

15           “(ii) the adjusted basis of such speci-  
16 fied plant shall be reduced by the amount  
17 of such deduction.

18           “(B) SPECIFIED PLANT.—For purposes of  
19 this paragraph, the term ‘specified plant’  
20 means—

21           “(i) any tree or vine which bears  
22 fruits or nuts, and

23           “(ii) any other plant which will have  
24 more than one yield of fruits or nuts and  
25 which generally has a period of more than

1           2 years from the time of planting or graft-  
2           ing to the time at which such plant begins  
3           bearing fruits or nuts.

4           Such term shall not include any property which  
5           is planted or grafted outside of the United  
6           States.

7           “(C) ELECTION REVOCABLE ONLY WITH  
8           CONSENT.—An election under this paragraph  
9           may be revoked only with the consent of the  
10          Secretary.

11          “(D) ADDITIONAL DEPRECIATION MAY BE  
12          CLAIMED ONLY ONCE.—If this paragraph ap-  
13          plies to any specified plant, such specified plant  
14          shall not be treated as qualified property in the  
15          taxable year in which placed in service.

16          “(E) DEDUCTION ALLOWED IN COMPUTING  
17          MINIMUM TAX.—Rules similar to the rules of  
18          paragraph (2)(E) shall apply for purposes of  
19          this paragraph.”.

20          (d) CONFORMING AMENDMENTS.—

21                 (1) Section 168(e)(6) of such Code is amend-  
22          ed—

23                         (A) by redesignating subparagraphs (A)  
24                         and (B) as subparagraphs (D) and (E), respec-  
25                         tively,

1 (B) by striking all that precedes subpara-  
2 graph (D) (as so redesignated) and inserting  
3 the following:

4 “(6) QUALIFIED LEASEHOLD IMPROVEMENT  
5 PROPERTY.—For purposes of this subsection—

6 “(A) IN GENERAL.—The term ‘qualified  
7 leasehold improvement property’ means any im-  
8 provement to an interior portion of a building  
9 which is nonresidential real property if—

10 “(i) such improvement is made under  
11 or pursuant to a lease (as defined in sub-  
12 section (h)(7))—

13 “(I) by the lessee (or any subles-  
14 see) of such portion, or

15 “(II) by the lessor of such por-  
16 tion,

17 “(ii) such portion is to be occupied ex-  
18 clusively by the lessee (or any sublessee) of  
19 such portion, and

20 “(iii) such improvement is placed in  
21 service more than 3 years after the date  
22 the building was first placed in service.

23 “(B) CERTAIN IMPROVEMENTS NOT IN-  
24 CLUDED.—Such term shall not include any im-

1           provement for which the expenditure is attrib-  
2           utable to—

3                   “(i) the enlargement of the building,

4                   “(ii) any elevator or escalator,

5                   “(iii) any structural component bene-  
6           fitting a common area, or

7                   “(iv) the internal structural frame-  
8           work of the building.

9                   “(C) DEFINITIONS AND SPECIAL RULES.—

10          For purposes of this paragraph—

11                   “(i) COMMITMENT TO LEASE TREAT-  
12           ED AS LEASE.—A commitment to enter  
13           into a lease shall be treated as a lease, and  
14           the parties to such commitment shall be  
15           treated as lessor and lessee, respectively.

16                   “(ii) RELATED PERSONS.—A lease be-  
17           tween related persons shall not be consid-  
18           ered a lease. For purposes of the preceding  
19           sentence, the term ‘related persons’  
20           means—

21                   “(I) members of an affiliated  
22           group (as defined in section 1504),  
23           and

24                   “(II) persons having a relation-  
25           ship described in subsection (b) of

1 section 267; except that, for purposes  
2 of this clause, the phrase ‘80 percent  
3 or more’ shall be substituted for the  
4 phrase ‘more than 50 percent’ each  
5 place it appears in such subsection.”,  
6 and

7 (C) by striking “subparagraph (A)” in  
8 subparagraph (E) (as so redesignated) and in-  
9 serting “subparagraph (D)”.

10 (2) Section 168(e)(7)(B) of such Code is  
11 amended by striking “qualified leasehold improve-  
12 ment property” and inserting “qualified improve-  
13 ment property”.

14 (3) Section 168(e)(8) of such Code is amended  
15 by striking subparagraph (D).

16 (4) Section 168(k) of such Code is amended by  
17 adding at the end the following new paragraph:

18 “(6) ELECTION OUT.—If a taxpayer makes an  
19 election under this paragraph with respect to any  
20 class of property for any taxable year, paragraphs  
21 (1) and (2)(D) shall not apply to any qualified prop-  
22 erty in such class placed in service during such tax-  
23 able year. An election under this paragraph may be  
24 revoked only with the consent of the Secretary.”.



1           (5) Section 168(l)(3) of such Code is amend-  
2 ed—

3           (A) by striking “section 168(k)” in sub-  
4 paragraph (A) and inserting “subsection (k)”,  
5 and

6           (B) by striking “section 168(k)(2)(D)(i)”  
7 in subparagraph (B) and inserting “subsection  
8 (k)(2)(B)”.

9           (6) Section 168(l)(4) of such Code is amended  
10 by striking “subparagraph (E) of section 168(k)(2)”  
11 and all that follows and inserting “subsection  
12 (k)(2)(C) shall apply.”.

13           (7) Section 168(l)(5) of such Code is amended  
14 by striking “section 168(k)(2)(G)” and inserting  
15 “subsection (k)(2)(E)”.

16           (8) Section 263A(c) of such Code is amended  
17 by adding at the end the following new paragraph:

18           “(7) COORDINATION WITH SECTION  
19 168(k)(5).—This section shall not apply to any  
20 amount allowed as a deduction by reason of section  
21 168(k)(5) (relating to special rules for certain plants  
22 bearing fruits and nuts).”.

23           (9) Section 460(c)(6)(B) of such Code is  
24 amended by striking “which—” and all that follows

1 and inserting “which has a recovery period of 7  
2 years or less.”.

3 (10) Section 168(k) of such Code is amended  
4 by striking “ACQUIRED AFTER DECEMBER 31,  
5 2007, AND BEFORE JANUARY 1, 2014” in the head-  
6 ing thereof.

7 (e) EFFECTIVE DATES.—

8 (1) IN GENERAL.—Except as otherwise pro-  
9 vided in this subsection, the amendments made by  
10 this subsection shall apply to property placed in  
11 service after December 31, 2014, in taxable years  
12 ending after such date.

13 (2) EXPANSION OF ELECTION TO ACCELERATE  
14 AMT CREDITS IN LIEU OF BONUS DEPRECIATION.—

15 (A) IN GENERAL.—The amendment made  
16 by subsection (b) shall apply to taxable years  
17 ending after December 31, 2014.

18 (B) TRANSITIONAL RULE.—In the case of  
19 any taxable year beginning before January 1,  
20 2015, and ending after December 31, 2014, the  
21 limitation under section 168(k)(4)(B)(ii) of the  
22 Internal Revenue Code of 1986 (as amended by  
23 this section) shall be the sum of—

24 (i) the product of—

1 (I) the maximum increase  
2 amount (within the meaning of sec-  
3 tion 168(k)(4)(C)(iii) of such Code, as  
4 in effect before the amendments made  
5 by this section), multiplied by

6 (II) a fraction the numerator of  
7 which is the number of days in the  
8 taxable year before January 1, 2015,  
9 and the denominator of which is the  
10 number of days in the taxable year,  
11 plus

12 (ii) the product of—

13 (I) such limitation (determined  
14 without regard to this subparagraph),  
15 multiplied by

16 (II) a fraction the numerator of  
17 which is the number of days in the  
18 taxable year after December 31, 2014,  
19 and the denominator of which is the  
20 number of days in the taxable year.

21 (3) SPECIAL RULES FOR CERTAIN PLANTS  
22 BEARING FRUITS AND NUTS.—The amendments  
23 made by subsection (c) (other than paragraph (1)  
24 thereof) shall apply to specified plants (as defined in  
25 section 168(k)(5)(B) of the Internal Revenue Code

1 of 1986, as amended by this section) planted or  
2 grafted after December 31, 2014.

3 **SEC. 2. BUDGETARY EFFECTS.**

4 The budgetary effects of this Act shall not be entered  
5 on either PAYGO scorecard maintained pursuant to sec-  
6 tion 4(d) of the Statutory Pay-As-You-Go Act of 2010.

○