

111TH CONGRESS
1ST SESSION

S. 294

To amend the Internal Revenue Code of 1986 to extend and modify the special allowance for property acquired during 2009 and to temporarily increase the limitation for expensing certain business assets.

IN THE SENATE OF THE UNITED STATES

JANUARY 21, 2009

Mr. SPECTER 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 and modify the special allowance for property acquired during 2009 and to temporarily increase the limitation for expensing certain 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. EXTENSION AND MODIFICATION OF SPECIAL**
4 **ALLOWANCE FOR CERTAIN PROPERTY AC-**
5 **QUIRED DURING 2009.**

6 (a) EXTENSION.—

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

(A) by striking “January 1, 2010” and inserting “January 1, 2011”, and

(B) by striking “January 1, 2009” each place it appears and inserting “January 1, 2010”.

(2) CONFORMING AMENDMENTS.—

(A) The heading for subsection (k) of section 168 of such Code is amended by striking “JANUARY 1, 2009” and inserting “JANUARY 1, 2010”.

(B) The heading for clause (ii) of section 168(k)(2)(B) of such Code is amended by striking “PRE-JANUARY 1, 2009” and inserting “PRE-JANUARY 1, 2010”.

(C) Subparagraph (D) of section 168(k)(4) of such Code is amended—

(i) by striking “and” at the end of clause (i),

(ii) by redesignating clause (ii) as clause (v), and

(iii) by inserting after clause (i) the following new clauses:

1 “(ii) ‘April 1, 2008’ shall be sub-
 2 stituted for ‘January 1, 2008’ in subpara-
 3 graph (A)(iii)(I) thereof,

4 “(iii) ‘January 1, 2009’ shall be sub-
 5 stituted for ‘January 1, 2010’ each place it
 6 appears,

7 “(iv) ‘January 1, 2010’ shall be sub-
 8 stituted for ‘January 1, 2011’ in subpara-
 9 graph (A)(iv) thereof, and”.

10 (D) Subparagraph (B) of section 168(l)(5)
 11 of such Code is amended by striking “January
 12 1, 2009” and inserting “January 1, 2010”.

13 (E) Subparagraph (B) of section
 14 1400N(d)(3) of such Code is amended by strik-
 15 ing “January 1, 2009” and inserting “January
 16 1, 2010”.

17 (3) EFFECTIVE DATES.—

18 (A) IN GENERAL.—Except as provided in
 19 subparagraph (B), the amendments made by
 20 this subsection shall apply to property placed in
 21 service after December 31, 2008, in taxable
 22 years ending after such date.

23 (B) TECHNICAL AMENDMENT.—Section
 24 168(k)(4)(D)(ii) of the Internal Revenue Code
 25 of 1986, as added by paragraph (2)(C)(iii),

1 shall apply to taxable years ending after March
2 31, 2008.

3 (b) INCLUSION OF FILMS OR VIDEOTAPE AS QUALI-
4 FIED PROPERTY.—

5 (1) IN GENERAL.—Section 168(k)(2) of the In-
6 ternal Revenue Code of 1986 is amended by adding
7 at the end the following new subparagraph:

8 “(H) CERTAIN FILMS.—The term ‘quali-
9 fied property’ includes property—

10 “(i) which is a motion picture film or
11 video tape (within the meaning of sub-
12 section (f)(3)) for which a deduction is al-
13 lowable under section 167(a) without re-
14 gard to this section,

15 “(ii) the original use of which com-
16 mences with the taxpayer after December
17 31, 2008,

18 “(iii) which is—

19 “(I) acquired by the taxpayer
20 after December 31, 2008, and before
21 January 1, 2010, but only if no writ-
22 ten binding contract for the acquisi-
23 tion was in effect before January 1,
24 2009, or

1 “(II) acquired by the taxpayer
 2 pursuant to a written binding contract
 3 which was entered into after Decem-
 4 ber 31, 2008, and before January 1,
 5 2010, and

6 “(iv) which is placed in service by the
 7 taxpayer before January 1, 2010, or, in
 8 the case of property described in subpara-
 9 graph (B), before January 1, 2011.”.

10 (2) CONFORMING AMENDMENTS.—

11 (A) Subclause (I) of section
 12 168(k)(2)(B)(i) of such Code is amended by in-
 13 serting “or (H)” after “subparagraph (A)”.

14 (B) Clause (iii) of section 168(k)(2)(D) of
 15 such Code is amended by adding at the end the
 16 following new sentence: “For purposes of the
 17 preceding sentence, all property described in
 18 subparagraph (H) shall be treated as one class
 19 of property.”.

20 (C) Subparagraph (E) of section 168(k)(2)
 21 of such Code is amended by adding at the end
 22 the following new clause:

23 “(v) APPLICATION TO FILM AND VID-
 24 EOTAPE PROPERTY.—In the case of prop-
 25 erty described in subparagraph (H),

clauses (i), (ii), (iii), and (iv) of this subparagraph shall be applied—

“(I) by substituting ‘December 31, 2008’ for ‘December 31, 2007’ each place it appears, and

“(II) by treating any reference to a clause of subparagraph (A) as a reference to the corresponding clause of subparagraph (H).”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after December 31, 2008.

SEC. 2. TEMPORARY INCREASE IN LIMITATIONS ON EXPENSING OF CERTAIN DEPRECIABLE BUSINESS ASSETS.

(a) IN GENERAL.—Paragraph (7) of section 179(b) of the Internal Revenue Code of 1986 is amended—

(1) by inserting “AND 2009” after “2008” in the heading, and

(2) by inserting “or 2009” after “In the case of any taxable year beginning in 2008”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

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