

110TH CONGRESS
2D SESSION

H. R. 7298

To amend the Internal Revenue Code of 1986 to make permanent the deduction for expensing certain depreciable business assets and to allow a deduction for the original purchase of domestically manufactured automobiles.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 20, 2008

Mr. LAMBORN (for himself, Mr. PAUL, and Ms. FOXX) 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 make permanent the deduction for expensing certain depreciable business assets and to allow a deduction for the original purchase of domestically manufactured automobiles.

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. SMALL BUSINESS EXPENSING PROVISIONS**

4 **MADE PERMANENT.**

5 (a) INCREASE IN SMALL BUSINESS EXPENSING

6 MADE PERMANENT.—

1 (1) IN GENERAL.—Subsection (b) of section
2 179 of the Internal Revenue Code of 1986 (relating
3 to limitations) is amended—

4 (A) by striking “\$25,000 (\$125,000 in the
5 case of taxable years beginning after 2006 and
6 before 2011)” in paragraph (1) and inserting
7 “\$500,000”, and

8 (B) by striking “\$200,000 (\$500,000 in
9 the case of taxable years beginning after 2006
10 and before 2011)” in paragraph (2) and insert-
11 ing “\$1,000,000”.

12 (2) CONFORMING AMENDMENT.—Section
13 179(b) of such Code is amended by striking para-
14 graph (7).

15 (b) EXPENSING FOR COMPUTER SOFTWARE MADE
16 PERMANENT.—Clause (ii) of section 179(d)(1)(A) of such
17 Code is amended by striking “and which is placed in serv-
18 ice in a taxable year beginning after 2002 and before
19 2011,”.

20 (c) INFLATION ADJUSTMENT.—

21 (1) So much of subparagraph (A) of section
22 179(b)(5) of such Code as precedes clause (i) thereof
23 is amended to read as follows:

24 “(A) IN GENERAL.—In the case of any
25 taxable year beginning in a calendar year after

1 2009, the \$500,000 and \$1,00,000 amounts in
2 paragraphs (1) and (2) shall each be increased
3 by an amount equal to—”.

4 (2) Section 179(b)(5)(A)(ii) of such Code is
5 amended by striking “2006” and inserting “2008”.

6 (d) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to taxable years ending after the
8 date of the enactment of this Act.

9 **SEC. 2. DEDUCTION FOR PURCHASE OF DOMESTICALLY**
10 **MANUFACTURED AUTOMOBILES.**

11 (a) IN GENERAL.—Part VII of subchapter B of chap-
12 ter 1 of the Internal Revenue Code of 1986 (relating to
13 additional itemized deductions for individuals) is amended
14 by redesignating section 224 as section 225 and by insert-
15 ing after section 223 the following new section:

16 **“SEC. 224. DEDUCTION FOR PURCHASE OF DOMESTICALLY**
17 **MANUFACTURED AUTOMOBILES.**

18 “(a) ALLOWANCE OF DEDUCTION.—In the case of an
19 individual, there shall be allowed as a deduction an
20 amount equal to the cost of any qualified automobile
21 placed in service by the taxpayer during the taxable year.

22 “(b) LIMITATION PER VEHICLE.—The amount of the
23 deduction allowed under subsection (a) for any vehicle
24 shall not exceed \$10,000.

1 “(c) QUALIFIED AUTOMOBILE.—For purposes of this
2 section—

3 “(1) IN GENERAL.—The term ‘qualified auto-
4 mobile’ means any motor vehicle—

5 “(A) the final assembly of which is in the
6 United States by a manufacturer,

7 “(B) the original use of which commences
8 with the taxpayer, and

9 “(C) which is acquired for use by the tax-
10 payer and not for resale.

11 “(2) MOTOR VEHICLE.—For purposes of para-
12 graph (1), the term ‘motor vehicle’ means any vehi-
13 cle which is manufactured primarily for use on pub-
14 lic streets, roads, and highways (not including a ve-
15 hicle operated exclusively on a rail or rails) and
16 which has at least 4 wheels.

17 “(d) SPECIAL RULES.—

18 “(1) BASIS REDUCTION.—The basis of any
19 property for which a deduction is allowable under
20 subsection (a) shall be reduced by the amount of
21 such deduction.

22 “(2) RECAPTURE.—The Secretary shall, by reg-
23 ulations, provide for recapturing the benefit of any
24 deduction allowable under subsection (a) with re-

1 spect to any property which ceases to be property el-
2 igible for such deduction.

3 “(3) PROPERTY USED OUTSIDE UNITED
4 STATES, ETC., NOT QUALIFIED.—No deduction shall
5 be allowed under subsection (a) with respect to any
6 property referred to in section 50(b) or with respect
7 to the portion of the cost of any property taken into
8 account under section 179.

9 “(4) PROPERTY USED IN TRADE OR BUSI-
10 NESS.—No deduction shall be allowed under sub-
11 section (a) with respect to any property of a char-
12 acter which is subject to the allowance under section
13 167 (relating to allowance for depreciation, etc.).

14 “(e) DENIAL OF DOUBLE BENEFIT.—No deduction
15 shall be allowed under subsection (a) for any expense for
16 which a deduction or credit is allowed under any other
17 provision of this chapter.

18 “(f) TERMINATION.—This section shall not apply to
19 any taxable year beginning after December 31, 2010.”.

20 (b) CLERICAL AMENDMENT.—The table of sections
21 for part VII of subchapter B of chapter 1 of such Code
22 is amended by striking the last item and inserting the fol-
23 lowing new items:

“Sec. 224. Deduction for purchase of domestically manufactured automobiles.
“Sec. 225. Cross reference.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to property placed in service in
3 taxable years ending after the date of the enactment of
4 this Act.

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