

103^D CONGRESS
1ST SESSION

H. R. 3237

To amend the Internal Revenue Code of 1986 to increase the expense treatment under section 179 of such Code for the first 3 years a business is in existence and to allow an income tax credit for one-half of an individual's self-employment taxes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 7, 1993

Mr. BONILLA (for himself, Mr. HALL of Texas, Mr. LIVINGSTON, Mr. McCOLLUM, Mr. BARTON of Texas, Mr. POMBO, and Ms. DUNN) 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 increase the expense treatment under section 179 of such Code for the first 3 years a business is in existence and to allow an income tax credit for one-half of an individual's self-employment taxes.

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 "Small Business Devel-
5 opment Act of 1993".

1 **SEC. 2. INCREASE IN EXPENSE TREATMENT FOR STARTUP**
2 **BUSINESSES.**

3 (a) IN GENERAL.—Paragraph (1) of section 179(b)
4 of the Internal Revenue Code of 1986 (relating to election
5 to expense certain depreciable assets) is amended to read
6 as follows:

7 “(A) IN GENERAL.—Except as provided in
8 subparagraph (B), the aggregate cost which
9 may be taken into account under subsection (a)
10 for any taxable year shall not exceed \$17,500.

11 “(B) HIGHER LIMITATION FOR FIRST 3
12 YEARS TAXPAYER ENGAGED IN BUSINESS.—

13 “(i) IN GENERAL.—Subparagraph (A)
14 shall be applied by substituting ‘\$30,000’
15 for ‘\$17,500’ for the taxpayer’s startup
16 year and the following 2 taxable years.

17 “(ii) STARTUP YEAR.—For purposes
18 of clause (i), the term ‘startup year’ means
19 the first taxable year that the taxpayer is
20 engaged in an active trade or business
21 (within the meaning of section 195(c)).

22 “(iii) CONTROLLED GROUPS.—For
23 purposes of this subparagraph, if the tax-
24 payer is a member of a controlled group,
25 the taxpayer shall be treated as engaged in
26 an active trade or business beginning on

1 the earliest date any member of such
2 group was engaged in an active trade or
3 business. For purposes of the preceding
4 sentence, the term ‘controlled group’
5 means all persons treated as a single em-
6 ployer under subsection (b) or (c) of sec-
7 tion 52.’

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall apply to taxable years beginning after
10 the date of the enactment of this Act.

11 **SEC. 3. CREDIT FOR ONE-HALF OF SELF-EMPLOYMENT**
12 **TAXES.**

13 (a) GENERAL RULE.—Subpart C of part IV of sub-
14 chapter A of chapter 1 of the Internal Revenue Code of
15 1986 (relating to refundable credits) is amended by redес-
16 ignating section 35 as section 36 and by inserting after
17 section 34 the following new section:

18 **“SEC. 35. CREDIT FOR ONE-HALF OF SELF-EMPLOYMENT**
19 **TAXES.**

20 “In the case of an individual, there shall be allowed
21 as a credit against the tax imposed by this subtitle for
22 the taxable year an amount equal to 50 percent of the
23 taxes imposed by section 1401 for the taxable year.”

24 (b) REPEAL OF DEDUCTION.—

1 (1) Section 164 of such Code is amended by
2 striking subsection (f) and by redesignating sub-
3 section (g) as subsection (f).

4 (2) Section 1402(a) of such Code is amended
5 by striking paragraph (12) and by redesignating
6 paragraphs (13), (14), and (15) as paragraphs (12),
7 (13), and (14), respectively.

8 (c) CLERICAL AMENDMENT.—The table of sections
9 for subpart C of part IV of subchapter A of chapter 1
10 of such Code is amended by striking the last item and
11 inserting the following new items:

 “Sec. 35. Credit for one-half of self-employment taxes.
 “Sec. 36. Overpayments of tax.”

12 (d) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning after
14 the date of the enactment of this Act.

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