115TH CONGRESS 1ST SESSION

S. 1144

To amend the Internal Revenue Code of 1986 to encourage business creation by allowing faster recovery of start-up and organizational expenses, to simplify accounting methods for small businesses, to expand expensing and provide accelerated cost recovery to encourage investment in new plants and equipment, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 17, 2017

Mr. Thune (for himself and Mr. Roberts) 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 encourage business creation by allowing faster recovery of start-up and organizational expenses, to simplify accounting methods for small businesses, to expand expensing and provide accelerated cost recovery to encourage investment in new plants and equipment, 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; AMENDMENT OF 1986 CODE;

TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Investment in New Ventures and Economic Success Today Act of 2017” or the “INVEST Act of 2017”.

(b) Amendment of 1986 Code.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) Table of Contents.—

Sec. 1. Short title; amendment of 1986 Code; table of contents.

TITLE I—START-UP AND ORGANIZATIONAL BUSINESS EXPENSES

Sec. 101. Unification and expansion of deduction for start-up and organizational expenditures.

TITLE II—ACCOUNTING METHODS

Sec. 201. Modifications of gross receipts test for use of cash method of accounting by corporations and partnerships.
Sec. 203. Modification of rules for capitalization and inclusion in inventory costs of certain expenses.
Sec. 204. Increase in gross receipts test for construction contract exception to percentage of completion method.

TITLE III—MODIFICATIONS OF EXPENSING AND COST RECOVERY RULES

Subtitle A—Expensing Rules

Sec. 301. Modifications of rules for expensing depreciable business assets.

Subtitle B—Cost Recovery Rules

Sec. 311. 50-percent expensing made permanent.
Sec. 312. Modifications of treatment of certain farm property.
Sec. 313. Secretarial requirement to reexamine economic depreciation for classes of depreciable property.
TITLE I—START-UP AND ORGANIZATIONAL BUSINESS EXPENSES

SEC. 101. UNIFICATION AND EXPANSION OF DEDUCTION FOR START-UP AND ORGANIZATIONAL EXPENDITURES.

(a) Unification.—

(1) In general.—Subsection (a) of section 195 is amended by inserting “and organizational” after “start-up”.

(2) Organizational expenditures.—Subsection (c) of section 195 is amended by adding at the end the following new paragraph:

“(3) Organizational expenditures.—The term ‘organizational expenditures’ means any expenditure which—

“(A) is incident to the creation of a corporation or a partnership,

“(B) is chargeable to capital account, and

“(C) is of a character which, if expended incident to the creation of a corporation or a partnership having an ascertainable life, would be amortizable over such life.”.
(3) CONFORMING AMENDMENT.—Section 195(b)(1) is amended by inserting “or organizational” after “start-up” each place it appears.

(b) DOLLAR AMOUNTS AND AMORTIZATION PERIOD.—

(1) DOLLAR AMOUNTS.—

(A) INCREASE.—Clause (ii) of section 195(b)(1)(A) is amended—

(i) by striking “$5,000” and inserting “$50,000”, and

(ii) by striking “$50,000” and inserting “$100,000”.

(B) ADJUSTMENT FOR INFLATION.—Paragraph (3) of section 195(b) is amended to read as follows:

“(3) ADJUSTMENT FOR INFLATION.—In the case of any taxable year beginning after December 31, 2018, the $50,000 and $100,000 amounts in paragraph (1)(A)(ii) shall each be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by sub-
stituting ‘calendar year 2017’ for ‘calendar year 1992’ in subparagraph (B) thereof.

If any amount as increased under the preceding sentence is not a multiple of $1,000, such amount shall be rounded to the nearest multiple of $1,000.”.

(2) AMORTIZATION PERIOD.—Subparagraph (B) of section 195(b)(1) is amended by striking “180-month period” and inserting “120-month period”.

(3) ALLOCATION OF LIMIT TO INITIAL START-UP AND ORGANIZATIONAL EXPENDITURES.—Section 195(b) is amended—

(A) by striking “If” in paragraph (1) and inserting “Subject to paragraph (4), if”, and

(B) by adding at the end the following new paragraph:

“(4) SPECIAL RULES FOR AGGREGATION OF INITIAL EXPENDITURES OF CORPORATIONS AND PARTNERSHIPS.—For purposes of paragraph (1), if, at the time a corporation or partnership first begins the active conduct of one or more trades or businesses, a taxpayer has both start-up expenditures with respect to such trades or businesses and organizational expenditures with respect to such entity—
“(A) any election under paragraph (1) shall cover both such start-up and organizational expenditures,

“(B) the amount of the deduction under paragraph (1)(A) with respect to all such start-up and organizational expenditures shall not exceed the limitation under clause (ii) of paragraph (1)(A), and

“(C) the amount of such start-up and organizational expenditures remaining after such deduction shall be amortized under paragraph (1)(B).”.

(e) CONFORMING AMENDMENTS.—

(1)(A) Part VIII of subchapter B of chapter 1 is amended by striking section 248.

(B) Section 56(g)(4)(D)(ii) is amended by striking “Sections 173 and 248” and inserting “Section 173”.

(C) Section 170(b)(2)(D)(ii) is amended by striking “(except section 248)”.

(D) Section 312(n)(3) is amended by striking “Sections 173 and 248” and inserting “Sections 173 and 195”.

(E) Section 535(b)(3) is amended by striking “(except section 248)”.
(F) Section 545(b)(3) is amended by striking “(except section 248)”.

(G) Section 834(c)(7) is amended by striking “(except section 248)”.

(H) Section 852(b)(2)(C) is amended by striking “(except section 248)”.

(I) Section 857(b)(2)(A) is amended by striking “(except section 248)”.

(J) Section 1363(b)(3) is amended by striking “section 248” and inserting “section 195”.

(K) Section 1375(b)(1)(B)(i) is amended by striking “(other than the deduction allowed by section 248, relating to organization expenditures)”.

(L) The table of sections for part VIII of subchapter B of chapter 1 is amended by striking the item relating to section 248.

(2)(A) Section 709 is amended to read as follows:

“SEC. 709. TREATMENT OF SYNDICATION FEES.

“No deduction shall be allowed under this chapter to a partnership or to any partner of the partnership for any amounts paid or incurred to promote the sale of (or to sell) an interest in the partnership.”.

(B) The item relating to section 709 in the table of sections for part I of subchapter K of chap-
ter 1 is amended by striking “ORGANIZATION AND”.

(d) Clerical Amendments.—

(1) The heading of section 195 is amended by striking “EXPENDITURES” and inserting “AND ORGANIZATIONAL EXPENDITURES”.

(2) The item relating to section 195 in the table of contents of part VI of subchapter B of chapter 1 is amended to read as follows:

“Sec. 195. Start-up and organizational expenditures.”.

(e) Effective Date.—The amendments made by this section shall apply to elections which first take effect for taxable years beginning after December 31, 2017.

TITLE II—ACCOUNTING METHODS

SEC. 201. MODIFICATIONS OF GROSS RECEIPTS TEST FOR USE OF CASH METHOD OF ACCOUNTING BY CORPORATIONS AND PARTNERSHIPS.

(a) Modifications of Gross Receipts Test.—

(1) In general.—So much of section 448(c) as precedes paragraph (2) is amended to read as follows:

“(c) Gross Receipts Test.—

“(1) In general.—A corporation or partnership meets the gross receipts test of this subsection for any taxable year if the average annual gross re-
receipts of such entity for the 3-taxable-year period
ending with the taxable year which precedes such
taxable year does not exceed the applicable dollar
limit.”.

(2) APPLICABLE DOLLAR LIMIT.—Subsection
c(e) of section 448 is amended by adding at the end
the following new paragraph:

“(4) APPLICABLE DOLLAR LIMIT.—

“(A) IN GENERAL.—The applicable dollar
limit is $15,000,000.

“(B) ADJUSTMENT FOR INFLATION.—In
the case of any taxable year beginning after De-
cember 31, 2018, the $15,000,000 amount
under subparagraph (A) shall be increased by
an amount equal to—

“(i) such dollar amount, multiplied by
“(ii) the cost-of-living adjustment de-
determined under section 1(f)(3) for the cal-
endar year in which the taxable year be-
gins, by substituting ‘calendar year 2017’
for ‘calendar year 1992’ in subparagraph
(B) thereof.

If any amount as increased under the preceding
sentence is not a multiple of $1,000, such
amount shall be rounded to the nearest multiple
of $1,000.”.

(3) Change in Method of Accounting.—
Paragraph (7) of section 448(d) is amended—

(A) by striking “In the case of” and all
that follows up to subparagraph (A) and inserting: “If a taxpayer changes its method of ac-
counting because the taxpayer is prohibited
from using the cash receipts and disbursement
method of accounting by reason of subsection
(a) or is no longer prohibited from using such
method by reason of such subsection—”, and

(B) by inserting “and” at the end of sub-
paragraph (A), by striking “, and” at the end of
subparagraph (B) and inserting a period, and
by striking subparagraph (C).

(4) Conforming Amendments.—

(A) Paragraph (3) of section 448(b) is
amended to read as follows:

“(3) Entities satisfying Gross Receipts
Test.—Paragraphs (1) and (2) of subsection (a)
shall not apply to any corporation or partnership for
any taxable year if such entity meets the gross re-
cceipts test of subsection (c) for the taxable year.”.
(B) Clause (iii) of section 172(b)(1)(E) is amended by inserting “, applied by substituting ‘$5,000,000’ for ‘the applicable dollar limit’ in paragraph (1) thereof,” after “section 448(e)”.

(b) Application of Modifications to Farming Corporations.—

(1) In General.—Paragraph (1) of section 447(d) is amended to read as follows:

“(1) In General.—A corporation meets the requirements of this subsection for any taxable year with respect to its gross receipts if the corporation meets the gross receipts test of section 448(c) for the taxable year.”.

(2) Family Corporations.—Paragraph (2) of section 447(d) is amended—

(A) by striking subparagraph (A) and inserting the following:

“(A) In General.—In the case of a family corporation, in applying section 448(c) for purposes of paragraph (1)—

“(i) paragraph (1) of section 448(c) shall be applied by substituting the applicable family corporation limit for the applicable dollar limit, and
“(ii) the rules of subparagraph (B) shall apply in computing gross receipts.”,

(B) Clause (i) of section 447(d)(2)(B) is amended by striking “the last sentence of paragraph (1)” and inserting “paragraph (2) of section 448(c)”, and

(C) by adding at the end the following new subparagraph:

“(D) APPLICABLE FAMILY CORPORATION LIMIT.—

“(i) IN GENERAL.—The applicable family corporation limit is $25,000,000.

“(ii) ADJUSTMENT FOR INFLATION.—In the case of any taxable year beginning after December 31, 2018, the $25,000,000 amount under clause (i) shall be increased by an amount equal to—

“(I) such dollar amount, multiplied by

“(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting ‘calendar year 2017’ for ‘calendar year 1992’ in subparagraph (B) thereof.
If any amount as increased under the preceding sentence is not a multiple of $1,000, such amount shall be rounded to the nearest multiple of $1,000.”.

(3) Change in method of accounting.—Section 447(f) is amended—

(A) by striking “In the case of” and all that follows up to paragraph (1) and inserting:

“If a taxpayer changes its method of accounting because the taxpayer is required to use an accrual method of accounting by reason of subsection (a) or is no longer required to use such method by reason of such subsection—”, and

(B) by striking paragraph (2) and inserting:

“(2) such change shall be treated as initiated by the taxpayer, and”.

(c) Effective date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.


(a) Clarification of inventory rules.—

(1) In general.—Section 471 is amended by redesignating subsection (c) as subsection (d) and by
inserting after subsection (b) the following new subsection:

“(c) Small Business Taxpayers Not Required To Use Inventories.—

“(1) In General.—A qualified taxpayer shall not be required to use inventories under this section for a taxable year.

“(2) Treatment of Taxpayers Not Using Inventories.—A qualified taxpayer who is not required under this subsection to use inventories with respect to any property for a taxable year beginning after December 31, 2017, may treat such property as an incidental material or supply for such taxable year.

“(3) Qualified Taxpayer.—For purposes of this subsection, the term ‘qualified taxpayer’ means, with respect to any taxable year, a taxpayer who meets the gross receipts test of section 448(c) for the taxable year. Such term shall not include a tax shelter prohibited from using the cash receipts and disbursements method of accounting under section 448(a)(3).

“(4) Coordination with Section 481.—If a taxpayer changes its method of accounting because the taxpayer is not required to use inventories by
reason of paragraph (1) or is required to use inven-
tories because such paragraph no longer applies to
the taxpayer—

“(A) such change shall be treated as initiat-
ed by the taxpayer, and

“(B) such change shall be treated as made
with the consent of the Secretary.”.

(2) CONFORMING AMENDMENT.—Subsection (c)
of section 263A is amended by adding at the end the
following new paragraph:

“(8) EXCLUSION FROM INVENTORY RULES.—
Nothing in this section shall require the use of in-
ventories for any taxable year by a qualified tax-
payer (within the meaning of section 471(c)(3)) who
is not required to use inventories under section 471
for such taxable year.”.

(b) EFFECTIVE DATE.—The amendments made by
this section shall apply to taxable years beginning after
December 31, 2017.

SEC. 203. MODIFICATION OF RULES FOR CAPITALIZATION
AND INCLUSION IN INVENTORY COSTS OF
CERTAIN EXPENSES.

(a) GROSS RECEIPTS EXCEPTION TO APPLY TO
PROPERTY PRODUCED BY THE TAXPAYER.—Section
263A(b) is amended by striking all that follows paragraph
(1) and inserting the following new paragraphs:

“(2) Property acquired for resale.—Real
or personal property described in section 1221(a)(1)
which is acquired by the taxpayer for resale.

“(3) Exception for small businesses.—
This section shall not apply to any property pro-
duced or acquired by the taxpayer during any tax-
able year if the taxpayer is a qualified taxpayer (as
defined in section 471(c)(3)) for the taxable year.

“(4) Films, sound recordings, books,
etc.—For purposes of this subsection, the term
‘tangible personal property’ shall include a film,
sound recording, video tape, book, or similar prop-
erty.

“(5) Coordination with section 481.—If a
taxpayer changes its method of accounting because
this section does not apply to the taxpayer by reason
of the exception under paragraph (3) or this section
applies to the taxpayer because such exception no
longer applies to the taxpayer—

“(A) such change shall be treated as initi-
ated by the taxpayer, and

“(B) such change shall be treated as made
with the consent of the Secretary.”.
(b) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 204. INCREASE IN GROSS RECEIPTS TEST FOR CONSTRUCTION CONTRACT EXCEPTION TO PERCENTAGE OF COMPLETION METHOD.

(a) Increase.—

(1) In general.—Clause (ii) of section 460(e)(1)(B) is amended to read as follows:

“(ii) who meets the gross receipts test of section 448(c) for the taxable year in which such contract is entered into.”.

(2) Conforming amendments.—

(A) Paragraph (2) of section 460(e) is amended to read as follows:

“(2) Additional rules for determining gross receipts.—For purposes of paragraph (1)(B)(ii), the Secretary shall prescribe regulations which provide attribution rules similar to section 448(c) and which take into account gross receipts of taxpayers who engage in construction contracts through partnerships, joint ventures, and corporations and which would otherwise not be taken into account under such section.”.
(B) Section 460(e) is amended by striking paragraph (3) and by redesignating paragraphs (4) through (6) as paragraphs (3) through (5), respectively.

(C) The last sentence of section 56(a)(3) is amended by striking “section 460(e)(6)” and inserting “section 460(e)(5)”.

(b) COORDINATION WITH SECTION 481.—Section 460(e), as amended by subsection (a), is amended by adding at the end the following:

“(6) COORDINATION WITH SECTION 481.—If a taxpayer changes its method of accounting because subsections (a), (b), and (e) (1) and (2) do not apply by reason of the exception under paragraph (1)(B) or such subsections apply to the taxpayer because such exception no longer applies to the taxpayer—

“(A) such change shall be treated as initiated by the taxpayer,

“(B) such change shall be treated as made with the consent of the Secretary, and

“(C) such change shall be permitted only on a cut-off basis and no adjustments under section 481(a) shall be made.”.
(c) Effective Date.—The amendment made by this section shall apply to contracts entered into after December 31, 2017, in taxable years ending after such date.

TITLE III—MODIFICATIONS OF EXPensing AND COst RECOVERY RULES

Subtitle A—Expensing Rules

SEC. 301. MODIFICATIONS OF RULES FOR EXPensing DEPreciable BUSINESS ASSETS.

(a) Increase in Limitation.—

(1) Dollar limitation.—Section 179(b)(1) by striking “$500,000” and inserting “$2,000,000”.

(2) Reduction in limitation.—Section 179(b)(2) is amended by striking “$2,000,000” and inserting “$3,000,000”.

(3) Inflation adjustments.—

(A) In general.—Subparagraph (A) of section 179(b)(6) is amended—

(i) by striking “2015” and inserting “2018”, and

(ii) by striking “calendar year 2014” in clause (ii) and inserting “calendar year 2017”.

(B) Sport utility vehicles.—Section 179(b)(6) is amended—
(i) by striking “paragraphs (1) and
(2)” in subparagraph (A) and inserting
“paragraphs (1), (2), and (5)(A)”, and
(ii) by inserting “($100 in the case of
any increase in the amount under para-
graph (5)(A))” after “$10,000” in sub-
paragraph (B).

(b) SECTION 179 PROPERTY TO INCLUDE QUALI-
FIED REAL PROPERTY.—

(1) IN GENERAL.—Subparagraph (B) of section
179(d)(1) is amended to read as follows:
“(B) which is—
“(i) section 1245 property (as defined
in section 1245(a)(3)), or
“(ii) qualified real property (as de-
defined in subsection (f)), and”.

(2) QUALIFIED REAL PROPERTY DEFINED.—
Section 179(f) is amended to read as follows:
“(f) QUALIFIED REAL PROPERTY.—For purposes of
this subsection, the term ‘qualified real property’ means—
“(1) any qualified improvement property de-
scribed in section 168(k)(3), and
“(2) any of the following improvements to non-
residential real property placed in service after the
date such property was first placed in service:
“(A) Roofs.

“(B) Heating, ventilation, and air-conditioning property.

“(C) Fire protection and alarm systems.

“(D) Security systems.”.

(e) Repeal of Exclusion for Certain Property.—The last sentence of section 179(d)(1) is amended by inserting “(other than paragraph (2) thereof)” after “section 50(b)”.

(d) Effective Date.—The amendments made by this section shall apply to property placed in service in taxable years beginning after December 31, 2017.

Subtitle B—Cost Recovery Rules

SEC. 311. 50-Percent Expensing Made Permanent.

(a) In General.—Section 168(k)(2) is amended to read as follows:

“(2) Qualified property.—For purposes of this subsection—

“(A) In general.—The term ‘qualified property’ means property—

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

“(II) which is computer software (as defined in section 167(f)(1)(B)) for which
a deduction is allowable under section 167(a) without regard to this subsection, "(III) which is water utility property, or "(IV) which is qualified improvement property, and "(ii) the original use of which commences with the taxpayer.

"(B) EXCEPTION FOR ALTERNATIVE DEPRECIATION PROPERTY.—The term ‘qualified property’ shall not include any property to which the alternative depreciation system under subsection (g) applies, determined— "(i) without regard to paragraph (7) of subsection (g) (relating to election to have system apply), and "(ii) after application of section 280F(b) (relating to listed property with limited business use).

"(C) SPECIAL RULES.— "(i) SALE-LEASEBACKS.—For purposes of clause (ii) and subparagraph (A)(ii), if property is— "(I) originally placed in service by a person, and
“(II) sold and leased back by such person within 3 months after the date such property was originally placed in service, such property shall be treated as originally placed in service not earlier than the date on which such property is used under the leaseback referred to in subclause (II).

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

“(I) property is originally placed in service by the lessor of such property,

“(II) such property is sold by such lessor or any subsequent purchaser within 3 months after the date such property was originally placed in service (or, in the case of multiple units of property subject to the same lease, within 3 months after the date the final unit is placed in service, so long as the period between the time the first unit is placed in service and the time the last unit is placed in
service does not exceed 12 months),

and

“(III) the user of such property

after the last sale during such 3-

month period remains the same as

when such property was originally

placed in service,

such property shall be treated as originally

placed in service not earlier than the date

of such last sale.

“(D) COORDINATION WITH SECTION

280F.—For purposes of section 280F—

“(i) AUTOMOBILES.—In the case of a

passenger automobile (as defined in section

280F(d)(5)) which is qualified property,

the Secretary shall increase the limitation

under section 280F(a)(1)(A)(i) to an

amount equal to the lesser of—

“(I) 50 percent of the adjusted

basis of such automobile, or

“(II) $25,000.

“(ii) LISTED PROPERTY.—The deduc-

tion allowable under paragraph (1) shall be

taken into account in computing any re-

capture amount under section 280F(b)(2).
“(iii) Inflation Adjustment.—In the case of any taxable year beginning in a calendar year after 2018, the $25,000 amount in clause (i) shall be increased by an amount equal to—

“(I) such dollar amount, multiplied by

“(II) the automobile price inflation adjustment determined under section 280F(d)(7)(B)(i) for the calendar year in which such taxable year begins by substituting ‘2017’ for ‘1987’ in subclause (II) thereof.

If any increase under the preceding sentence is not a multiple of $100, such increase shall be rounded to the nearest multiple of $100.

“(E) Deduction Allowed in Computing Minimum Tax.—For purposes of determining alternative minimum taxable income under section 55, the deduction under section 167 for qualified property shall be determined without regard to any adjustment under section 56.”.

(b) Conforming Amendments.—
(1) AMENDMENTS RELATED TO 50-PERCENT EXPensing.—

(A) Each of the following provisions are amended by striking “(2)(F)” each place it appears and inserting “(2)(D)”:

(i) Subparagraphs (A)(i), (B)(i), and (D)(ii)(I) of section 168(k)(4).

(ii) Section 168(k)(7).

(B) Section 168(k)(5) is amended—

(i) in subparagraph (A)—

(I) by striking “before January 1, 2020”, and

(II) by striking “before such date”,

(ii) in subparagraph (B)(ii)—

(I) by inserting “crop or” after “will have more than one”, and

(II) by inserting “a marketable crop or yield of” after “begins bearing”,

(iii) by striking “(2)(G)” in subparagraph (E) and inserting “(2)(E)”, and

(iv) by striking subparagraph (F).

(C) Section 168(k), as amended by subparagraphs (A)(ii) and (D), is amended by
striking paragraph (6) and by redesignating paragraph (7) as paragraph (6).

(D) Section 168(k)(7), as in effect before the amendments made by subparagraphs (A)(ii) and (C), is amended by striking “paragraphs (1) and (2)(F)” and inserting “paragraphs (1), (2)(F), and (4)”.

(E) Section 168(k) is amended by striking “ACQUIRED AFTER DECEMBER 31, 2007, AND BEFORE JANUARY 1, 2020” in the heading thereof.

(F) Subsections (e)(7)(B), (k)(4), (l)(3)(A), (m)(2)(B)(i), and (n)(2)(B)(i) of section 168 are each amended by striking “bonus depreciation” each place it appears in the text and headings thereof and inserting “50-percent expensing”.

(2) OTHER CONFORMING AMENDMENTS.—

(A) Section 168(l)(3)(B) is amended by striking “subsection (k)(2)(D)” and inserting “subsection (k)(2)(B)”.

(B) Section 168(l)(4) is amended by striking “subsection (k)(2)(E)” and inserting “subsection (k)(2)(C)”.
(C) Section 168(l)(5) is amended by striking “subsection (k)(2)(G)” and inserting “subsection (k)(2)(E)”.

(D) Section 460(c)(6)(B) is amended by striking “which—” and all that follows and inserting “which has a recovery period of 7 years or less.”.

(c) Effective Dates.—

(1) In general.—The amendments made by this section shall apply to property placed in service after December 31, 2017, in taxable years ending after such date.

(2) Certain technical corrections.—

(A) The amendments made by subsection (b)(1)(B)(ii) shall apply to specified plants planted or grafted after December 31, 2015.

(B) The amendment made by subsection (b)(1)(D) shall apply to property placed in service after December 31, 2015, in taxable years ending after such date.

SEC. 312. MODIFICATIONS OF TREATMENT OF CERTAIN FARM PROPERTY.

(a) Treatment of Certain Farm Property as 5-Year Property.—Clause (vii) of section 168(e)(3)(B) is
amended by striking “after December 31, 2008, and which
is placed in service before January 1, 2010”.

(b) **Repeal of Required Use of 150-Percent Declining Balance Method.**—Section 168(b)(2) is
amended by striking subparagraph (B) and by redesignating subparagraphs (C) and (D) as subparagraphs (B)
and (C), respectively.

(c) **Effective Date.**—The amendments made by
this section shall apply to property placed in service after
December 31, 2017, in taxable years ending after such
date.

**SEC. 313. Secretarial Requirement to Reexamine Economic Depreciation for Classes of Depreciable Property.**

(a) In General.—Paragraph (1) of section 168(i)
is amended to read as follows:

“(1) **Class Life.**—

“(A) **In General.**—Except as provided in
this section, the term ‘class life’ means the class
life (if any) which would be applicable with re-
spect to any property as of January 1, 1986,
under subsection (m) of section 167 (deter-
mined without regard to paragraph (4) and as
if the taxpayer had made an election under
such subsection). The reference in this para-
graph to subsection (m) of section 167 shall be treated as a reference to such subsection as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990.

“(B) Secretarial authority to modify Rev. Proc. 87–56.—

“(i) In general.—The Secretary, through the Office of Tax Analysis and in consultation with the Bureau of Economic Analysis of the Department of Commerce, shall conduct an on-going study to—

“(I) determine, and develop a schedule of, the economic depreciation of the major categories of depreciable property (other than specified property) to approximate constant straight-line depreciation, and

“(II) develop recommendations regarding the proper economic depreciation for specified property.

“(ii) Report.—Not later than December 31, 2020, and not less frequently than every 5 years after such date, the Secretary shall submit to the Committee
on Finance of the Senate and to the Committee on Ways and Means of the House of Representatives—

“(I) any schedule developed under clause (i)(I), and

“(II) any recommendations developed under clause (i)(II).

“(iii) Effective date of schedules.—Any schedule developed under clause (i)(I) and submitted to Congress under clause (ii) shall take effect with respect to property placed in service on or after first day of the first calendar year beginning at least 1 year after the date such schedule is submitted.

“(C) Treatment under Congressional Review Act.—For purposes of applying chapter 8 of title 5, United States Code, any schedule developed and submitted under subparagraph (B) shall be treated as a major rule.

“(D) Specified property.—For purposes of subparagraph (B), the term ‘specified property’ means—
“(i) any property which is classified under subsection (e)(3) (other than sub-
paragraph (C)(v) thereof), or

“(ii) any nonresidential real property, residential rental property, railroad grad-
ing or tunnel bore, or water utility prop-
erty.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 314. MODIFICATIONS TO DEPRECIATION LIMITATIONS ON LUXURY AUTOMOBILES AND PERSONAL USE PROPERTY.

(a) LUXURY AUTOMOBILES.—

(1) IN GENERAL.—280F(a)(1)(A) is amended—

(A) by striking “$2,560” in clause (i) and inserting “$10,000”,

(B) by striking “$4,100” in clause (ii) and inserting “$16,000”,

(C) by striking “$2,450” in clause (iii) and inserting “$9,600”, and

(D) by striking “$1,475” in clause (iv) and inserting “$5,760”.

(2) CONFORMING AMENDMENTS.—
(A) Clause (ii) of section 280F(a)(1)(B) is amended by striking “$1,475” in the text and heading and inserting “$5,760”.

(B) Paragraph (7) of section 280F(d) is amended—

(i) by striking “1988” in subparagraph (A) and inserting “2018”, and

(ii) by striking “1987” in subparagraph (B)(i)(II) and inserting “2017”.

(b) Removal of Computer Equipment From Listed Property.—

(1) In general.—Section 280F(d)(4)(A) is amended by inserting “and” at the end of clause (iii) and by striking clause (iv).

(2) Conforming amendment.—Section 280F(d)(4) is amended by striking subparagraph (B) and by redesignating subparagraph (C) as subparagraph (B).

(c) Effective date.—The amendments made by this section shall apply to property placed in service after December 31, 2017, in taxable years ending after such date.
SEC. 315. REDUCTION IN AMORTIZATION PERIOD FOR INTANGIBLES.

(a) In General.—Section 197(a) is amended by adding at the end the following new sentence: “In the case of such an intangible acquired after the date of the enactment of the INVEST Act of 2017, the preceding sentence shall be applied by substituting ‘10-year period’ for ‘15-year period’.”.

(b) Application of Anti-Churning Rules.—Section 197(f)(9) is amended by adding at the end the following:

“(G) Application to INVEST Act Changes.—If subparagraph (A) or (F) would apply to any section 197 intangible if—

“(i) ‘the date of the enactment of the INVEST Act of 2017’ were substituted for ‘the date of the enactment of this section’ each place it appears in each such subparagraph, and

“(ii) ‘May 17, 2017’ were substituted for ‘July 25, 1991’ each place it appears in subparagraph (A),

then the last sentence of subsection (a) (relating to 10-year amortization) shall not apply to the transferee of such intangible.”.
Conforming Amendment.—Section 197(e)(4)(D)(i) is amended by inserting “(10 years in the case of a right acquired after the date of the enactment of the INVEST Act of 2017)” after “15 years”.

Effective Date.—The amendments made by this section apply to acquisitions after the date of the enactment of this Act in taxable years ending after such date.