

103^D CONGRESS
1ST SESSION

H. R. 1458

To amend the Internal Revenue Code of 1986 to allow a credit for the cost of installing automatic fire sprinkler systems in certain buildings.

IN THE HOUSE OF REPRESENTATIVES

MARCH 24, 1993

Mr. MAZZOLI 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 allow a credit for the cost of installing automatic fire sprinkler systems in certain buildings.

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. CREDIT FOR INSTALLATION OF SPRINKLER**
4 **SYSTEMS.**

5 (a) GENERAL RULE.—Subpart D of part IV of sub-
6 chapter A of chapter 1 of the Internal Revenue Code of
7 1986 (relating to business-related credits) is amended by
8 adding at the end thereof the following new section:

1 **“SEC. 45A. EXPENDITURES TO INSTALL AUTOMATIC FIRE**
2 **SPRINKLER SYSTEMS.**

3 “(a) GENERAL RULE.—For purposes of section 38,
4 the sprinkler system installation credit determined under
5 this section for any taxable year is 15 percent of the quali-
6 fied sprinkler system expenditures for such taxable year.

7 “(b) QUALIFIED SPRINKLER SYSTEM EXPENDI-
8 TURES.—For purposes of this section—

9 “(1) IN GENERAL.—The term ‘qualified sprin-
10 kler system expenditure’ means any amount which is
11 properly chargeable to capital account in connection
12 with the installation of a qualified sprinkler system
13 in a qualified building. Any such expenditure shall
14 be taken into account for the taxable year in which
15 it is properly chargeable to capital account.

16 “(2) QUALIFIED SPRINKLER SYSTEM.—The
17 term ‘qualified sprinkler system’ means any auto-
18 matic fire sprinkler system which meets the require-
19 ments of National Fire Protection Association
20 Standard Number 13.

21 “(3) QUALIFIED BUILDING.—The term ‘quali-
22 fied building’ means any building if—

23 “(A) such building has one or more floors
24 which are more than 75 feet above the lowest
25 level of fire department vehicle access and are

1 used in a manner requiring the presence of in-
2 dividuals,

3 “(B) the installation of an automatic fire
4 sprinkler system in such building is required by
5 any State or local law, and

6 “(C) such building was originally placed in
7 service before such State or local law took ef-
8 fect.

9 “(c) DENIAL OF DOUBLE BENEFIT.—

10 “(1) OTHER CREDITS.—No credit shall be al-
11 lowed under any other provision of this chapter for
12 any expenditure taken into account in determining
13 the amount of the credit under this section.

14 “(2) BASIS ADJUSTMENT.—For purposes of
15 this subtitle, if any expenditure with respect to any
16 property is taken into account under subsection (a),
17 the increase in the basis of such property which
18 would (but for this paragraph) result from such ex-
19 penditure shall be reduced by the amount of the
20 credit determined under subsection (a) with respect
21 to such expenditure.

22 “(d) TERMINATION.—This section shall not apply to
23 any expenditure made on or after January 1, 1999.”

24 (b) CREDIT MADE PART OF GENERAL BUSINESS
25 CREDIT.—Subsection (b) of section 38 of such Code is

1 amended by striking “plus” at the end of paragraph (7),
2 by striking the period at the end of paragraph (8) and
3 inserting “, plus”, and by adding at the end thereof the
4 following new paragraph:

5 “(9) the sprinkler system installation credit de-
6 termined under section 45A(a).”

7 (c) DEDUCTION FOR UNUSED CREDIT.—Subsection
8 (c) of section 196 of such Code is amended by striking
9 “and” at the end of paragraph (4), by striking the period
10 at the end of paragraph (5) and inserting “, and”, and
11 by adding at the end thereof the following new paragraph:

12 “(6) the sprinkler system installation credit de-
13 termined under section 45A(a).”

14 (d) LIMITATION ON CARRYBACKS.—Subsection (d) of
15 section 39 of such Code is amended by adding at the end
16 thereof the following new paragraph:

17 “(4) NO CARRYBACK OF SECTION 45A CREDIT
18 BEFORE ENACTMENT.—No portion of the unused
19 business credit for any taxable year which is attrib-
20 utable to the sprinkler system installation credit de-
21 termined under section 45A(a) may be carried to a
22 taxable year ending before January 1, 1993.”

23 (e) CLERICAL AMENDMENT.—The table of sections
24 for subpart D of part IV of subchapter A of chapter 1

1 of such Code is amended by adding at the end thereof
2 the following new item:

“Sec. 45A. Expenditures to install automatic fire-prevention
sprinkler systems.”

3 (f) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to expenditures made after Decem-
5 ber 31, 1992.

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