

108TH CONGRESS  
2D SESSION

# S. 2860

To amend the Internal Revenue Code of 1986 to classify automatic fire sprinkler systems as 5-year property for purposes of depreciation.

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 29, 2004

Mr. SANTORUM (for himself and Mr. ROCKEFELLER) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to classify automatic fire sprinkler systems as 5-year property for purposes of depreciation.

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 “Fire Sprinkler Incen-  
5       tive Act of 2004”.

6       **SEC. 2. FINDINGS.**

7       The Congress finds that—

8               (1) since the publication of the original study  
9       and comprehensive list of recommendations in Amer-  
10       ica Burning, written in 1974, requested advances in

1 fire prevention through the installation of automatic  
2 sprinkler systems in existing buildings have yet to be  
3 fully implemented;

4 (2) fire departments responded to approxi-  
5 mately 1,700,000 fires in 2001;

6 (3) there were 3,745 non-terrorist related  
7 deaths in the United States and almost 21,000 civil-  
8 ian injuries resulting from fire in 2001;

9 (4) 99 firefighters were killed in 2001, exclud-  
10 ing the terrorist acts on September 11th;

11 (5) fire caused \$8,900,000,000 in direct prop-  
12 erty damage in 2001, and sprinklers are responsible  
13 for a 43 to 70 percent reduction in property damage  
14 from fires in public assembly, educational, residen-  
15 tial, commercial, industrial and manufacturing build-  
16 ings;

17 (6) fire departments respond to a fire every 18  
18 seconds, a fire breaks out in a structure every 60  
19 seconds and in a residential structure every 80 sec-  
20 onds in the United States;

21 (7) the Station Nightclub in West Warwick,  
22 Rhode Island, did not contain an automated sprin-  
23 kler system and burned down, killing 99 people on  
24 February 20, 2003;

1           (8) due to an automated sprinkler system, not  
2 a single person was injured from a fire beginning in  
3 the Fine Line Music Café in Minneapolis after the  
4 use of pyrotechnics on February 17, 2003;

5           (9) the National Fire Protection Association  
6 has no record of a fire killing more than 2 people  
7 in a completely sprinklered public assembly, edu-  
8 cational, institutional or residential building where  
9 the system was properly installed and fully oper-  
10 ational;

11           (10) sprinkler systems dramatically improve the  
12 chances of survival of those who cannot save them-  
13 selves, specifically older adults, young children and  
14 people with disabilities;

15           (11) the financial cost of upgrading fire counter  
16 measures in buildings built prior to fire safety codes  
17 is prohibitive for most property owners;

18           (12) many State and local governments lack  
19 any requirements for new structures to contain auto-  
20 matic sprinkler systems;

21           (13) under the present straight-line method of  
22 depreciation, there is a disincentive for building safe-  
23 ty improvements due to an extremely low rate of re-  
24 turn on investment; and

1 (14) the Nation is in need of incentives for the  
2 voluntary installation and retrofitting of buildings  
3 with automated sprinkler systems to save the lives of  
4 countless individuals and responding firefighters as  
5 well as drastically reduce the costs from property  
6 damage.

7 **SEC. 3. CLASSIFICATION OF AUTOMATIC FIRE SPRINKLER**  
8 **SYSTEMS.**

9 (a) IN GENERAL.—Subparagraph (B) of section  
10 168(e)(3) of the Internal Revenue Code of 1986 (relating  
11 to 5-year property) is amended by striking “and” at the  
12 end of clause (V), by striking the period at the end of  
13 clause (vi) and inserting “, and ”, and by adding at the  
14 end the following:

15 “(vii) any automatic fire sprinkler sys-  
16 tem placed in service after the date of the  
17 enactment of this clause in a building  
18 structure which was placed in service be-  
19 fore such date of enactment.”.

20 (b) ALTERNATIVE SYSEM.—The table contained in  
21 section 168(g)(3)(B) of the Internal Revenue Code of  
22 1986 is amended by inserting after the third item the fol-  
23 lowing:

“(B)(vii) ..... 7”.

24 (c) DEFINITION OF AUTOMATIC FIRE SPRINKLER  
25 SYSTEM.—Subsection (i) of section 168 of the Internal

1 Revenue Code of 1986 is amended by adding at the end  
2 the following:

3 “(15) AUTOMATED FIRE SPRINKLER SYSTEM.—

4 The term ‘automated fire sprinkler system’ means  
5 those sprinkler systems classified under one or more  
6 of the following publications of the National Fire  
7 Protection Association—

8 “(A) NFPA 13, Installation of Sprinkler  
9 Systems,

10 “(B) NFPA 13 D, Installation of Sprin-  
11 kler Systems in One and Two Family Dwellings  
12 and Manufactured Homes, and

13 “(C) NFPA 13 R, Installation of Sprinkler  
14 Systems in Residential Occupancies up to and  
15 Including Four Stories in Height.”.

16 (d) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to property placed in service after  
18 the date of the enactment of this Act.

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