110TH CONGRESS 1ST SESSION

H. R. 1742

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

IN THE HOUSE OF REPRESENTATIVES

March 28, 2007

Mr. Langevin (for himself, Mr. Cantor, Mrs. Jones of Ohio, Mr. Ramstad, Mr. Pascrell, Mr. Butterfield, Ms. Schwartz, Mr. King of New York, Mr. Gerlach, Mr. McIntyre, Mr. Cohen, Mr. Boozman, Ms. Zoe Lofgren of California, Ms. Sutton, Mr. Thompson of Mississippi, Mr. Etheridge, Mr. Ehlers, Mr. Lobiondo, Mr. Saxton, Mr. Shays, Mr. Shimkus, Mr. Brady of Pennsylvania, and Mr. Grijalva) 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 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 2007".
- 6 SEC. 2. FINDINGS.
- 7 The Congress finds that—

- 1 (1) the publication of the original study and 2 comprehensive list of recommendations in America 3 Burning, written in 1974, requested advances in fire 4 prevention through the installation of automatic 5 sprinkler systems in existing buildings have yet to be 6 fully implemented;
 - (2) fire departments responded to approximately 1,600,000 fires in 2005;
 - (3) there were 3,675 civilian deaths and 17,925 civilian injuries resulting from fire in the United States in 2005;
 - (4) 87 firefighters were killed in 2005;
 - (5) fire caused \$10,672,000,000 in direct property damage in 2005, and sprinklers are responsible for a 70 percent reduction in property damage from fires in public assembly, educational, residential, commercial, industrial and manufacturing buildings;
 - (6) fire departments respond to a fire every 20 seconds, a fire breaks out in a structure every 61 seconds and in a residential structure every 79 seconds in the United States;
 - (7) the Station Nightclub in West Warwick, Rhode Island, did not contain an automated sprinkler system and burned down, killing 100 people on February 20, 2003;

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- 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;
 - (9) the National Fire Protection Association has no record of a fire killing more than 2 people in a completely sprinklered public assembly, educational, institutional or residential building where the system was properly installed and fully operational;
 - (10) sprinkler systems dramatically improve the chances of survival of those who cannot save themselves, specifically older adults, young children and people with disabilities;
 - (11) the financial cost of upgrading fire counter-measures in buildings built prior to fire safety codes is prohibitive for most property owners;
 - (12) many State and local governments lack any requirements for existing structures to contain automatic sprinkler systems;
 - (13) under the present straight-line method of depreciation, there is a disincentive for building safety improvements due to an extremely low rate of return on investment; and

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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 automated fire sprinkler
16	system placed in service after April 11,
17	2003, in a building or structure which was
18	placed in service before such date.".
19	(b) ALTERNATIVE SYSTEM.—The table contained in
20	section $168(g)(3)(B)$ of the Internal Revenue Code of
21	1986 is amended by inserting after the item relating to
22	subparagraph (B)(iii) the following:
	"(B)(vii)
23	(e) Definition of Automatic Fire Sprinkler
24	System.—Subsection (i) of section 168 of the Internal

Revenue Code of 1986 is amended by adding at the end 2 the following: 3 "(17) 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, "(B) NFPA 13 D, Installation of Sprin-10 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 this section shall apply to property placed in service after 18 April 11, 2003. 19 (e) WAIVER OF LIMITATIONS.—If refund or credit of 20 any overpayment of tax resulting from the amendments 21 made by this section is prevented at any time before the close of the 1-year period beginning on the date of the 23 enactment of this Act by the operation of any law or rule

of law (including res judicata), such refund or credit may

- 1 nevertheless be made or allowed if claim therefor is filed
- 2 before the close of such period.

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