

116TH CONGRESS
1ST SESSION

H. R. 5166

To amend the Internal Revenue Code of 1986 to provide a credit for the labor costs of installing mechanical insulation property.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 19, 2019

Ms. SÁNCHEZ (for herself, Mr. SUOZZI, Mr. DANNY K. DAVIS of Illinois, Ms. DELBENE, Mr. PANETTA, Mr. BRENDAN F. BOYLE of Pennsylvania, Ms. MOORE, and Mr. BLUMENAUER) 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 provide a credit for the labor costs of installing mechanical insulation property.

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 “Mechanical Insulation
5 Installation Incentive Act of 2019”.

6 **SEC. 2. LABOR COSTS OF INSTALLING MECHANICAL INSU-**
7 **LATION PROPERTY.**

8 (a) IN GENERAL.—Subpart D of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new
2 section:

3 **“SEC. 45T. LABOR COSTS OF INSTALLING MECHANICAL IN-**
4 **SULATION PROPERTY.**

5 “(a) IN GENERAL.—For purposes of section 38, the
6 mechanical insulation labor costs credit determined under
7 this section for any taxable year is an amount equal to
8 10 percent of the mechanical insulation labor costs paid
9 or incurred by the taxpayer during such taxable year.

10 “(b) MECHANICAL INSULATION LABOR COSTS.—For
11 purposes of this section—

12 “(1) IN GENERAL.—The term ‘mechanical insu-
13 lation labor costs’ means the labor cost of installing
14 mechanical insulation property with respect to a me-
15 chanical system referred to in paragraph (2)(A)
16 which was originally placed in service not less than
17 1 year before the date on which such mechanical in-
18 sulation property is installed.

19 “(2) MECHANICAL INSULATION PROPERTY.—
20 The term ‘mechanical insulation property’ means in-
21 sulation materials, and facings and accessory prod-
22 ucts installed in connection to such insulation mate-
23 rials—

24 “(A) placed in service in connection with a
25 mechanical system which—

1 “(i) is located in the United States,
2 and

3 “(ii) is of a character subject to an al-
4 lowance for depreciation, and

5 “(B) which result in a reduction in energy
6 loss from the mechanical system which is great-
7 er than the expected reduction from the instal-
8 lation of insulation materials which meet the
9 minimum requirements of Reference Standard
10 90.1 (as defined in section 179D(c)(2)).

11 “(c) TERMINATION.—This section shall not apply to
12 mechanical insulation labor costs paid or incurred after
13 December 31, 2024.”.

14 (b) CREDIT ALLOWED AS PART OF GENERAL BUSI-
15 NESS CREDIT.—Section 38(b) of such Code is amended
16 by striking “plus” at the end of paragraph (31), by strik-
17 ing the period at the end of paragraph (32) and inserting
18 “, plus”, and by adding at the end the following new para-
19 graph:

20 “(33) the mechanical insulation labor costs
21 credit determined under section 45T(a).”.

22 (c) CONFORMING AMENDMENTS.—

23 (1) Section 280C of such Code is amended by
24 adding at the end the following new subsection:

1 “(i) MECHANICAL INSULATION LABOR COSTS CRED-
2 IT.—

3 “(1) IN GENERAL.—No deduction shall be al-
4 lowed for that portion of the mechanical insulation
5 labor costs (as defined in section 45T(b)) otherwise
6 allowable as deduction for the taxable year which is
7 equal to the amount of the credit determined for
8 such taxable year under section 45T(a).

9 “(2) SIMILAR RULE WHERE TAXPAYER CAP-
10 ITALIZES RATHER THAN DEDUCTS EXPENSES.—If—

11 “(A) the amount of the credit determined
12 for the taxable year under section 45T(a), ex-
13 ceeds

14 “(B) the amount of allowable as a deduc-
15 tion for such taxable year for mechanical insu-
16 lation labor costs (determined without regard to
17 paragraph (1)),

18 the amount chargeable to capital account for the
19 taxable year for such costs shall be reduced by the
20 amount of such excess.”.

21 (2) The table of sections for subpart D of part
22 IV of subchapter A of chapter 1 of such Code is
23 amended by adding at the end the following new
24 item:

“Sec. 45T. Labor costs of installing mechanical insulation property.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to amounts paid or incurred after
3 December 31, 2019, in taxable years ending after such
4 date.

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