

S 582 IS

110th CONGRESS

1st Session

S. 582

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

IN THE SENATE OF THE UNITED STATES

February 14, 2007

Mr. SMITH (for himself, Mr. ROCKEFELLER, Mr. REED, and Mr. ALEXANDER) 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 classify automatic fire sprinkler systems as 5-year property for purposes of depreciation.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the `Fire Sprinkler Incentive Act of 2007'.

SEC. 2. FINDINGS.

The Congress finds that--

- (1) the publication of the original study and comprehensive list of recommendations in *America Burning*, written in 1974, requesting advances in fire prevention through the installation of automatic sprinkler systems in existing buildings have yet to be fully implemented;
- (2) fire departments responded to approximately 1,600,000 fires in 2005;
- (3) there were 3,675 non-terrorist related deaths in the United States and almost 17,925 civilian injuries resulting from fire 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 99 people on February 20, 2003;

(8) due to an automated sprinkler system, not a single person was injured from a fire beginning in the Fine Line Music Cafe in Minneapolis after the 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 older 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

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

SEC. 3. CLASSIFICATION OF AUTOMATIC FIRE SPRINKLER SYSTEMS.

(a) In General- Subparagraph (B) of section 168(e)(3) of the Internal Revenue Code of 1986 (relating to 5-year property) is amended by striking `and' at the end of clause (v), by striking the period at the end of clause (vi) and inserting ` , and', and by inserting after clause (vi) the following:

`(vii) any automatic fire sprinkler system placed in service after the date of the enactment of this clause in a building structure which was placed in service before such date of enactment.'

(b) Alternative System- The table contained in section 168(g)(3)(B) of the Internal Revenue Code of 1986 (relating to special rule for certain property assigned to classes) is amended by inserting after the item relating to subparagraph (B)(iii) the following:

`(B)(vii)

--7'.

(c) Definition of Automatic Fire Sprinkler System- Subsection (i) of section 168 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

`(18) AUTOMATED FIRE SPRINKLER SYSTEM- The term `automated fire sprinkler system' means those sprinkler systems classified under one or more of the following publications of the National Fire Protection Association--

`(A) NFPA 13, Installation of Sprinkler Systems,

`(B) NFPA 13 D, Installation of Sprinkler Systems in One and Two Family Dwellings and Manufactured Homes, and

`(C) NFPA 13 R, Installation of Sprinkler Systems in Residential Occupancies up to and Including Four Stories in Height.'

(d) Effective Date- The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

END