

FIRE SPRINKLER INCENTIVE ACT

Background

The cost of fire in America is enormous. Every year we suffer over 3,200 civilian deaths, about 100 fire fighter deaths, and over 16,000 injuries. The direct property damage caused by fire is over \$10 billion. However, when you factor indirect costs associated with fire, such as lost economic activity, this figure climbs to over \$107 billion.

One of the most effective ways to minimize the loss of life and property is through automatic sprinklers. The National Fire Protection Association issued a study in June 2007 that concluded that in buildings that were sprinkled the death rate per fire can be reduced by at least 57% and the property damage decreased by up to 68%. This is because sprinklers contain fires at their location of origin almost 90% of the time. In fact, no fire fighter has ever died fighting a fire in a fully structural fire where sprinklers were present.

Issue

Current building codes require sprinklers in commercial buildings and there is a growing number of jurisdictions that have instituted residential sprinkler ordinances as well. The problem however is there are tens of thousands of structures that were built and put in service before sprinklers were required and are effectively grandfathered from the current standards. This includes commercial space, college dormitories and even nursing homes.

The primary challenge to retrofitting these structures is the Internal Revenue Code. Under current depreciation rules, building owners have a strong disincentive to invest in a sprinkler system given the 39 year depreciation schedule for commercial buildings and 27.5 year schedule for residential structures.

Fire Sprinkler Incentive Act

The Fire Sprinkler Incentive Act simply removes this financial disincentive for building owners to invest in life saving sprinkler systems. Specifically, it classifies both commercial and residential sprinkler investments as being depreciated over 5 years. This legislation is supported by every major fire association and the insurance, sprinkler, and building owner industry associations.