

Fire Sprinkler Incentive Act Status Briefing

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We were able to generate considerable support in the 109th Congress for the Fire Sprinkler Incentive Act of 2005. 165 Representatives signed as cosponsors, 16 of whom were on the House, Ways and Means Committee. Though we did not get a strong Senate sponsor until much later than the House version, we did end up with 15 cosponsors, 3 of whom were on the Senate Finance Committee. Most importantly, we had a good split of bipartisan support in both houses of Congress. In addition to the congressional support, we were able to mobilize the support of 56 allied organizations, which included all of the major fire service and fire protection related groups.

Though Senator Santorum tried his best to get the bill attached to the Senate Finance Committee version of a Tax Reconciliation Bill in 06, the 2.2 billion over ten years “score” that the Joint Tax Committee staff had assigned the bill proved to be the hurdle that we could not surmount. At that time Senator Santorum asked us to go back to the drawing board and see if we could conceive an alternative approach that would reduce the score to a target of 500 million, which he thought might be the level at which the committee chairman could move the bill.

With considerable assistance from Buddy Dewar, Jeanne Kozlowski and Top Myers of Myers Risk Services, we were able to conceive an approach that factored in the impending insurance reduction for a newly sprinklered building in conjunction with the accelerated depreciation allowance that was already in the bill to provide what we deemed to be a revenue neutral result. In addition, in 2005 we had provided the Joint Tax Committee staff with some updated fire sprinkler industry economic data that was considerably more comprehensive than the original data supplied back in 2003, but had never heard from JTC as to what effect, if any, it might have on a request to re-score.

After sharing our new idea with Melanie Looney, Legislative Counsel to Senator Santorum, she arranged a meeting for us with JTC staff. We briefed them on our insurance related approach and upon discovering that they had not considered the additional industry economic data that had been supplied in 05, we were able to offer some additional explanation as to how that information would effect the present score of 2.2 billion over ten years. Immediately we were told that the economic data provided earlier appeared to be worth about a 40% reduction in the score and that they would need some time to evaluate our alternative insurance related approach.

In the mean time, as you are aware, as a result of the November 06 elections, we lost both of our primary sponsors, Representative Curt Weldon in the House and Senator Santorum in the Senate. At this point we had also pretty much given up on hearing from JTC regarding a reduced score. To my great surprise in late November I was informed that the JTC had transmitted a new score to Senator Santorum.

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JTC did not apply any credit for the insurance related option, but by factoring in the industry information that had been provided months earlier, the 2.2 billion over ten year score was effectively reduced to 884 million over ten years and 348 million over 5 years. This was huge news because though the 884 million was still considerably above the target, the 348 million over 5 years was considerably below. So where does this leave us as we begin the 110th Congress which will be in session until December of 08.

First of all, like we did when we evolved from the 108th Congress to the 109th Congress two years ago, we will need to re-file the bills in both houses of Congress and start all over in so far as cosponsors are concerned. However, there is no reason to believe that those cosponsors who were reelected would not continue to support this landmark fire protection legislation. In the 110th Congress the Democrats will be in the majority, but because our past support was so evenly bipartisan, that should not matter much and may even work to our advantage, as several of the new leadership, such as Nancy Pelosi, who will be the new Speaker of the House, were our cosponsors in the past.

In addition, we still have Senator Rockefeller, who was our Democratic cosponsor with Senator Santorum, on the Senate Finance Committee. We are attempting to set up a meeting to ascertain his willingness to take the lead in the 110th Congress in filing a new Senate Bill, which would be the Fire Sprinkler Incentive Act of 07. We will also need to find a Republican Senator on the committee who can team up with Senator Rockefeller so as to retain our strong bipartisan presence in the Senate.

Representative Weldon did not sit on the House, Ways and Means Committee, a fact that made our task considerably more difficult, so our task on the House side will be to find a Democrat on the committee willing to take the lead and a suitable Republican partner. Representative Eric Cantor, my own Representative, who helped us a lot over the past several years might be the Republican to pursue and perhaps someone like Stephanie Tubbs Jones from Ohio, who was also a big supporter, might be the Democrat who could convince Charlie Rangel of New York, who will be the new Ways and Means Chair, to move the bill out of committee in 07.

Throughout our four year quest we have avoided any discussion of a “sunset” attached to the legislation because the building inventory needing fire sprinkler retrofit is so large and accomplishing any significant amount of retrofit is a long range proposition. However, in that the new five year score is only 348 million, which is below the 500 million target that was discussed last year, we may need to rethink our past position in order to gain passage of the legislation in the new Congress. In seeking considerable advice on this question from the tax and legislative staff of Senator Santorum prior to their departure and others who will still be working in the new Congress, all advise that it is not an issue to be concerned about.

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As one much respected staffer advised, “Your task is getting the depreciation schedule change into the tax code. We’ve never taken anything out of the tax code. It would surely be extended at the conclusion of any sunset provision. Not an issue worth worrying about!”

To date I have met extensively with staff of the Congressional Fire Services Institute regarding the above issues and options. As a result it is our opinion that the national fire groups and other allied supporters will want to continue the quest to seek passage of a significant tax incentive for the retrofit of fire sprinklers in existing buildings in the new Congress. Further we do not feel that they will see the acceptance, if necessary, of a five year sunset provision as a deterrent to going forward. In addition, I have met with Stan Smith who has taken the leadership roll previously filled by Mike Livingston on behalf of the fire sprinkler locals and he is totally up to speed with all of the above information and has definitely indicated their desire to continue the quest. I have also discussed the above with Steve Muncy of AFSA. A final point that we are all in agreement on is the issue of the need to work through a lobbying firm with all parties agreeing that it is probably not necessary to retain one on a full time basis. If it was determined to be necessary and appropriate to engage the services of a lobbying firm for specific short term purposes at some point in the future, those decisions could be made at the appropriate time.

In conclusion, as the NFSA staff person assigned as the “lead” on this project and thereby unofficially assuming the leadership role in coordinating the efforts of our allied support coalition, I would urge NFSA to continue our efforts in cooperation with these partners to seek passage of the Fire Sprinkler Incentive Act in the 110th Congress.