

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.

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## 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

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## 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—

8 (1) the publication of the original study and  
9 comprehensive list of recommendations in America

1 Burning, written in 1974, requesting advances in  
2 fire prevention through the installation of automatic  
3 sprinkler systems in existing buildings have yet to be  
4 fully implemented;

5 (2) fire departments responded to approxi-  
6 mately 1,600,000 fires in 2005;

7 (3) there were 3,675 non-terrorist related  
8 deaths in the United States and almost 17,925 civil-  
9 ian injuries resulting from fire in 2005;

10 (4) 87 firefighters were killed in 2005;

11 (5) fire caused \$10,672,000,000 in direct prop-  
12 erty damage in 2005, and sprinklers are responsible  
13 for a 70 percent reduction in property damage from  
14 fires in public assembly, educational, residential,  
15 commercial, industrial and manufacturing buildings;

16 (6) fire departments respond to a fire every 20  
17 seconds, a fire breaks out in a structure every 61  
18 seconds and in a residential structure every 79 sec-  
19 onds in the United States;

20 (7) the Station Nightclub in West Warwick,  
21 Rhode Island, did not contain an automated sprin-  
22 kler system and burned down, killing 99 people on  
23 February 20, 2003;

24 (8) due to an automated sprinkler system, not  
25 a single person was injured from a fire beginning in

1 the Fine Line Music Café in Minneapolis after the  
2 use of pyrotechnics on February 17, 2003;

3 (9) the National Fire Protection Association  
4 has no record of a fire killing more than 2 people  
5 in a completely sprinklered public assembly, edu-  
6 cational, institutional or residential building where  
7 the system was properly installed and fully oper-  
8 ational;

9 (10) sprinkler systems dramatically improve the  
10 chances of survival of those who cannot save them-  
11 selves, specifically older adults, young children and  
12 people with disabilities;

13 (11) the financial cost of upgrading fire counter  
14 measures in buildings built prior to fire safety codes  
15 is prohibitive for most property owners;

16 (12) many State and local governments lack  
17 any requirements for older structures to contain  
18 automatic sprinkler systems;

19 (13) under the present straight-line method of  
20 depreciation, there is a disincentive for building safe-  
21 ty improvements due to an extremely low rate of re-  
22 turn on investment; and

23 (14) the Nation is in need of incentives for the  
24 voluntary installation and retrofitting of buildings  
25 with automated sprinkler systems to save the lives of

1       countless individuals and responding firefighters as  
2       well as drastically reduce the costs from property  
3       damage.

4   **SEC. 3. CLASSIFICATION OF AUTOMATIC FIRE SPRINKLER**  
5                           **SYSTEMS.**

6       (a) IN GENERAL.—Subparagraph (B) of section  
7 168(e)(3) of the Internal Revenue Code of 1986 (relating  
8 to 5-year property) is amended by striking “and” at the  
9 end of clause (v), by striking the period at the end of  
10 clause (vi) and inserting “, and”, and by inserting after  
11 clause (vi) the following:

12                           “(vii) any automatic fire sprinkler sys-  
13                           tem placed in service after the date of the  
14                           enactment of this clause in a building  
15                           structure which was placed in service be-  
16                           fore such date of enactment.”.

17       (b) ALTERNATIVE SYSTEM.—The table contained in  
18 section 168(g)(3)(B) of the Internal Revenue Code of  
19 1986 (relating to special rule for certain property assigned  
20 to classes) is amended by inserting after the item relating  
21 to subparagraph (B)(iii) the following:

          “(B)(vii) ..... 7”.

22       (c) DEFINITION OF AUTOMATIC FIRE SPRINKLER  
23 SYSTEM.—Subsection (i) of section 168 of the Internal  
24 Revenue Code of 1986 is amended by adding at the end  
25 the following:

1           “(18) AUTOMATED FIRE SPRINKLER SYSTEM.—  
2           The term ‘automated fire sprinkler system’ means  
3           those sprinkler systems classified under one or more  
4           of the following publications of the National Fire  
5           Protection Association—

6                   “(A) NFPA 13, Installation of Sprinkler  
7           Systems,

8                   “(B) NFPA 13 D, Installation of Sprin-  
9           kler Systems in One and Two Family Dwellings  
10           and Manufactured Homes, and

11                   “(C) NFPA 13 R, Installation of Sprinkler  
12           Systems in Residential Occupancies up to and  
13           Including Four Stories in Height.”.

14           (d) EFFECTIVE DATE.—The amendments made by  
15           this section shall apply to property placed in service after  
16           the date of the enactment of this Act.

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