

108TH CONGRESS
2D SESSION

H. R. 3953

To amend the Internal Revenue Code of 1986 to provide a shorter recovery period for the depreciation of certain systems installed in nonresidential buildings.

IN THE HOUSE OF REPRESENTATIVES

MARCH 11, 2004

Mr. HOEKSTRA (for himself, Mr. CAMP, Mr. MANZULLO, and Mrs. JONES of Ohio) 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 shorter recovery period for the depreciation of certain systems installed in nonresidential buildings.

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 “Cool and Efficient
5 Buildings Act”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

8 (1) The current 39 year depreciation period for
9 commercial and industrial heating, ventilation, air

1 conditioning and refrigeration (HVACR) systems
2 does not accurately reflect the life span of these sys-
3 tems.

4 (2) The upkeep and energy costs required for
5 HVACR systems which are between 15 and 20 years
6 old in nonresidential buildings are not cost-effective
7 but these same businesses find it difficult to make
8 the high-cost investment in new energy systems.

9 (3) A reduced depreciation period for HVACR
10 systems would be a clear incentive to keep systems
11 up-to-date and help increase businesses' bottom line
12 while decreasing the Nation's energy consumption.

13 (4) Reducing the depreciation period for
14 HVACR systems would also provide an incentive for
15 replacing the estimated 35,000 large tonnage chillers
16 in use as of January 1, 2004, that still use
17 chlorofluorocarbon (CFC) refrigerants which were
18 banned from production in the United States due to
19 concerns about depletion of the ozone layer.

20 (5) The Environmental Protection Agency re-
21 cently concluded in a report that a "new, energy-ef-
22 ficient chiller can easily pay for itself in electricity
23 savings, improved reliability, and lower maintenance
24 costs in five years".

1 (6) Recent technological advancements that
2 have increased the ability of businesses to conserve
3 energy include co-generation and combined heat and
4 power systems which are recognized as highly effi-
5 cient systems for large buildings.

6 (7) One example of the remarkable increase in
7 energy efficiency due to technological advances is the
8 great progress the air conditioning industry has
9 made. For unitary products, average efficiencies in-
10 creased by 50 percent between 1976 and 1995.

11 (8) Buildings in the United States use more
12 than 30,000,000,000,000,000 Btu of energy per
13 year. 1,000,000,000,000,000 Btu of energy is
14 enough power to run all the residential refrigerators
15 in the United States for one year. Without energy-
16 conservation technologies energy use could reach
17 40,000,000,000,000,000 Btu by 2020.

18 **SEC. 3. RECOVERY PERIOD FOR DEPRECIATION OF CER-**
19 **TAIN SYSTEMS INSTALLED IN NONRESIDEN-**
20 **TIAL BUILDINGS.**

21 (a) 15-YEAR RECOVERY PERIOD.—Subparagraph
22 (E) of section 168(e)(3) of the Internal Revenue Code of
23 1986 (relating to 15-year property) is amended by striking
24 “and” at the end of clause (ii), by striking the period at

1 the end of clause (iii) and inserting “, and”, and by adding
2 at the end the following new clause:

3 “(iv) any property which is part of a
4 heating, ventilation, air conditioning, or re-
5 frigeration system and which is installed
6 on or in a building which is nonresidential
7 real property.”.

8 (b) REQUIREMENT TO USE STRAIGHT LINE METH-
9 OD.—Paragraph (3) of section 168(b) of such Code (relat-
10 ing to property to which straight line method applies) is
11 amended by adding at the end the following new subpara-
12 graph:

13 “(G) Property described in subsection
14 (e)(3)(E)(iv).”.

15 (c) ALTERNATIVE SYSTEM.—The table contained in
16 section 168(g)(3)(B) of such Code is amended by inserting
17 after the item relating to subparagraph (E)(iii) the fol-
18 lowing new item:

“(E)(iv) 15”.

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

