

111TH CONGRESS  
1ST SESSION

# H. R. 2198

To amend the Internal Revenue Code of 1986 to provide a shorter recovery period for the depreciation of certain systems installed in nonresidential real property or residential rental property.

---

## IN THE HOUSE OF REPRESENTATIVES

APRIL 30, 2009

Ms. BEAN (for herself and Mr. HOEKSTRA) 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 real property or residential rental property.

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. RECOVERY PERIOD FOR DEPRECIATION OF**  
4                       **CERTAIN SYSTEMS INSTALLED IN NONRESI-**  
5                       **DENTIAL AND RESIDENTIAL RENTAL BUILD-**  
6                       **INGS.**

7       (a) 20-YEAR RECOVERY PERIOD FOR HIGHLY EFFI-  
8       CIENT HVAC&R EQUIPMENT.—Subparagraph (F) of sec-

1 tion 168(e)(3) of the Internal Revenue Code of 1986 (re-  
2 lating to 20-year property) is amended to read as follows:

3 “(F) 20-YEAR PROPERTY.—The term ‘20-  
4 year property’ means—

5 “(i) initial clearing and grading land  
6 improvements with respect to any electric  
7 utility transmission and distribution plant,  
8 and

9 “(ii) any property—

10 “(I) which is part of a heating,  
11 ventilation, air conditioning, or com-  
12 mercial refrigeration system,

13 “(II) which exceeds by at least  
14 10 percent the applicable minimum  
15 performance standard for such system  
16 or component under the National Ap-  
17pliance Energy Conservation Act of  
18 1987 or the Energy Policy Act of  
19 1992 (as such Acts are in effect on  
20 the date that such property is placed  
21 in service and taking into account any  
22 changes to the American Society of  
23 Heating, Refrigerating and Air-condi-  
24 tioning Engineers Standard 90.1

1 which have been adopted by the De-  
 2 partment of Energy as of such date),

3 “(III) which is installed on or in  
 4 a building which is nonresidential real  
 5 property or residential rental prop-  
 6 erty,

7 “(IV) the original use of which  
 8 commences with the taxpayer (the  
 9 owner or lessor in the case of residen-  
 10 tial rental property), and

11 “(V) which is placed in service  
 12 before January 1, 2013.”

13 (b) 25-YEAR RECOVERY PERIOD.—Section 168(e)(3)  
 14 of such Code is further amended by inserting after sub-  
 15 paragraph (F) the following new subparagraph:

16 “(G) 25-YEAR PROPERTY.—The term ‘25-  
 17 year property’ means any property—

18 “(i) which is part of a heating, ven-  
 19 tilation, air conditioning, or commercial re-  
 20 frigeration system,

21 “(ii) which is not described in sub-  
 22 paragraph (F),

23 “(iii) which is installed on or in a  
 24 building which is nonresidential real prop-  
 25 erty or residential rental property,

1 “(iv) the original use of which com-  
 2 mences with the taxpayer (the owner or  
 3 lessor in the case of residential rental  
 4 property), and  
 5 “(v) which is placed in service before  
 6 January 1, 2013.”.

7 (c) CONFORMING AMENDMENTS.—

8 (1) The table contained in section 168(c) of  
 9 such Code is amended by inserting after the item re-  
 10 lating to 20-year property the following new item:

“25-year property ..... 25 years”.

11 (2) The table contained in section 467(e)(3)(A)  
 12 of such Code is amended by inserting after the item  
 13 relating to residential rental property and nonresi-  
 14 dential real property the following new item:

“25-year property ..... 25 years”.

15 (d) REQUIREMENT TO USE STRAIGHT LINE METH-  
 16 OD.—Paragraph (3) of section 168(b) of such Code (relat-  
 17 ing to property to which straight line method applies) is  
 18 amended by redesignating subparagraphs (F), (G), (H),  
 19 and (I) as subparagraphs (G), (H), (I), and (J), respec-  
 20 tively, and by inserting after subparagraph (E) the fol-  
 21 lowing new subparagraph:

22 “(F) Property described in subsection  
 23 (e)(3)(F)(ii) and subsection (e)(3)(G).”.

1       (e) ALTERNATIVE SYSTEM.—The table contained in  
 2 section 168(g)(3)(B) of such Code is amended by striking  
 3 the items relating to subparagraph (F) and inserting the  
 4 following new items:

“(F)(i) .....	20
(F)(ii) .....	20
(G) .....	25”.

5       (f) EFFECTIVE DATE.—The amendments made by  
 6 this section shall apply to property placed in service after  
 7 December 31, 2008.

○