

111TH CONGRESS
1ST SESSION

H. R. 4296

To amend the Internal Revenue Code of 1986 to provide a tax incentive for the installation and maintenance of mechanical insulation property.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 11, 2009

Mrs. HALVORSON 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 tax incentive for the installation and maintenance of mechanical insulation 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. SHORT TITLE.**

4 This Act may be cited as the “Mechanical Insulation
5 Installation Incentive Act of 2009”.

6 **SEC. 2. EXPENSING OF MECHANICAL INSULATION PROP-**
7 **ERTY.**

8 (a) IN GENERAL.—Part VI of subchapter B of chap-
9 ter 1 of subtitle A of the Internal Revenue Code of 1986
10 (relating to itemized deductions for individuals and cor-

1 porations) is amended by inserting after section 179E the
 2 following new section:

3 **“SEC. 179F. MECHANICAL INSULATION PROPERTY.**

4 “(a) TREATMENT AS EXPENSES.—There shall be al-
 5 lowed as a deduction an amount equal to the applicable
 6 percentage of the cost of mechanical insulation property
 7 placed in service during the taxable year.

8 “(b) APPLICABLE PERCENTAGE.—For purposes of
 9 subsection (a)—

10 “(1) IN GENERAL.—The term ‘applicable per-
 11 centage’ means the lesser of—

12 “(A) 30 percent, and

13 “(B) the excess (if any) of—

14 “(i) the energy savings (expressed as
 15 a percentage) obtained by placing such me-
 16 chanical insulation property in service in
 17 connection with a mechanical system, over

18 “(ii) the energy savings (expressed as
 19 a percentage) such property is required to
 20 meet by Standard 90.1–2007, developed
 21 and published by the American Society of
 22 Heating, Refrigerating and Air-Cond-
 23 itioning Engineers.

24 “(2) SPECIAL RULE RELATING TO MAINTENANCE.—In the case of mechanical insulation prop-
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erty placed in service as a replacement for insulation property—

“(A) paragraph (1)(B) shall be applied without regard to clause (ii) thereof, and

“(B) the cost of such property shall be treated as an expense for which a deduction is allowed under section 162 instead of being treated as depreciable for purposes of the deduction provided by section 167.

“(c) DEFINITIONS.—For purposes of this section—

“(1) MECHANICAL INSULATION PROPERTY.—

The term ‘mechanical insulation property’ means insulation materials, facings, and accessory products—

“(A) placed in service in connection with a mechanical system which—

“(i) is located in the United States, and

“(ii) is of a character subject to an allowance for depreciation, and

“(B) utilized for thermal, acoustical, and personnel safety requirements for mechanical piping and equipment, hot and cold applications, and heating, venting and air conditioning applications which can be used in a variety of facilities.

1 “(2) COST.—The cost of mechanical insulation
2 property includes—

3 “(A) the amounts paid or incurred for the
4 installation of such property,

5 “(B) in the case of removal and disposal of
6 the old mechanical insulation property, 10 per-
7 cent of the cost of the new mechanical insula-
8 tion property (determined without regard to
9 this subparagraph), and

10 “(C) expenditures for labor costs properly
11 allocable to the preparation, assembly, and in-
12 stallation of mechanical insulation property.

13 “(d) COORDINATION.—

14 “(1) SECTION 179D.—Subsection (a) shall not
15 apply to the cost of mechanical insulation property
16 which is taken into account under section 179D or
17 which, but for subsection (b) of section 179D, would
18 be taken into account under such section.

19 “(2) OTHER DEDUCTIONS AND CREDITS.—

20 “(A) IN GENERAL.—The amount of any
21 other deduction or credit allowable under this
22 chapter for any cost of mechanical insulation
23 property which is taken into account under sub-
24 section (a) shall be reduced by the amount of
25 such cost so taken into account.

1 “(B) EXCEPTION FOR CERTAIN COSTS.—

2 Subparagraph (A) shall not apply to any
3 amount properly attributable to maintenance.

4 “(e) ALLOCATION OF DEDUCTION FOR TAX-EXEMPT
5 PROPERTY.—In the case of mechanical insulation prop-
6 erty installed on or in property owned by an entity de-
7 scribed in paragraph (3) or (4) of section 50(b), the per-
8 son who is the primary contractor for the installation of
9 such property shall be treated as the taxpayer that placed
10 such property in service.

11 “(f) CERTIFICATION.—For purposes of this section,
12 energy savings shall be certified under regulations or other
13 guidance provided by the Secretary, in consultation with
14 the Secretary of Energy.”.

15 (b) DEDUCTION FOR CAPITAL EXPENDITURES.—
16 Section 263(a)(1) of such Code (relating to capital ex-
17 penditures) is amended by striking “or” at the end of sub-
18 paragraph (K), by striking the period at the end of para-
19 graph (L) and inserting “, or”, and by adding at the end
20 the following new subparagraph:

21 “(M) expenditures for which a deduction is
22 allowed under section 179F.”.

23 (c) TECHNICAL AND CLERICAL AMENDMENTS.—

24 (1) Section 312(k)(3)(B) of such Code is
25 amended by striking “or 179E” each place it ap-

1 pears in the text or heading thereof and inserting
2 “179E, or 179F”.

3 (2) Paragraphs (2)(C) and (3)(C) of section
4 1245(a) of such Code are each amended by inserting
5 “179F,” after “179E,”.

6 (3) The table of sections for part VI of sub-
7 chapter B of chapter 1 of subtitle A of such Code
8 is amended by inserting after the item relating to
9 section 179E the following new item:

 “Sec. 179F. Mechanical insulation property.”.

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

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