

115TH CONGRESS  
1ST SESSION

# H. R. 3349

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

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## IN THE HOUSE OF REPRESENTATIVES

JULY 20, 2017

Ms. SÁNCHEZ (for herself, Mr. REED, Mr. RYAN of Ohio, and Mr. MEEHAN) introduced the following bill; which was referred to the Committee on Ways and Means

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## 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 2017”.

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 the Internal Revenue Code of 1986 (relating to

1 itemized deductions for individuals and corporations) is  
2 amended by inserting after section 179E the following new  
3 section:

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

5       “(a) TREATMENT AS EXPENSES.—In addition to any  
6 other deduction in this subtitle, there shall be allowed as  
7 a deduction an amount equal to the applicable percentage  
8 of the cost of mechanical insulation property placed in  
9 service during the taxable year.

10       “(b) APPLICABLE PERCENTAGE.—For purposes of  
11 subsection (a)—

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

14                       “(A) 30 percent, and

15                       “(B) the reduction in energy loss (ex-  
16 pressed as a percentage) from the installed me-  
17 chanical insulation property compared to ref-  
18 erence mechanical insulation property which  
19 meets the minimum requirements of ASHRAE  
20 standard 90.1–2007.

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

25                       “(A) paragraph (1)(B) shall not apply, and

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

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

7           “(1) MECHANICAL INSULATION PROPERTY.—

8           The term ‘mechanical insulation property’ means in-  
9           sulation materials, facings, and accessory products—

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

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

13           and

14           “(ii) is of a character subject to an al-  
15           lowance for depreciation, and

16           “(B) utilized for thermal requirements for  
17           mechanical piping and equipment, hot and cold  
18           applications, and heating, venting and air con-  
19           ditioning applications which can be used in a  
20           variety of facilities.

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

23           “(A) the amounts paid or incurred for the  
24           installation of such property for that incre-  
25           mental portion above the minimums in

1 ASHRAE standard 90.1–2007 and the total in-  
2 sulation cost for maintenance applications,

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

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

11 “(d) COORDINATION.—Subsection (a) shall not apply  
12 to the cost of mechanical insulation property which is  
13 taken into account under section 179D or which, but for  
14 subsection (b) of section 179D, would be taken into ac-  
15 count under such section.

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

23 “(f) CERTIFICATION.—For purposes of this section,  
24 energy savings shall be certified under regulations or other

1 guidance provided by the Secretary, in consultation with  
2 the Secretary of Energy.

3 “(g) TERMINATION.—This section shall not apply to  
4 any property placed in service after the end of the 5-year  
5 period beginning on the date of the enactment of this sec-  
6 tion.”.

7 (b) DEDUCTION FOR CAPITAL EXPENDITURES.—  
8 Section 263(a)(1) of such Code (relating to capital ex-  
9 penditures) is amended by striking “or” at the end of sub-  
10 paragraph (K), by striking the period at the end of para-  
11 graph (L) and inserting “, or”, and by adding at the end  
12 the following new subparagraph:

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

15 (c) TECHNICAL AND CLERICAL AMENDMENTS.—

16 (1) Section 312(k)(3)(B) of such Code is  
17 amended by striking “or 179E” each place it ap-  
18 pears in the text or heading thereof and inserting  
19 “179E, or 179F”.

20 (2) Paragraphs (2)(C) and (3)(C) of section  
21 1245(a) of such Code are each amended by inserting  
22 “179F,” after “179E,”.

23 (3) The table of sections for part VI of sub-  
24 chapter B of chapter 1 of such Code is amended by

1        inserting after the item relating to section 179E the  
2        following new item:

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

3        (d) **EFFECTIVE DATE.**—The amendments made by  
4 this section shall apply to property placed in service after  
5 the date of enactment of this Act.

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