

107TH CONGRESS
1ST SESSION

S. 1581

To amend the Internal Revenue Code of 1986 to allow a business deduction for the purchase and installation of qualifying security enhancement property.

IN THE SENATE OF THE UNITED STATES

OCTOBER 25, 2001

Mr. MURKOWSKI introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow a business deduction for the purchase and installation of qualifying security enhancement 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 “American Security En-
5 hancement Investment Act of 2001”.

6 **SEC. 2. BUSINESS DEDUCTION FOR PURCHASE AND IN-**
7 **STALLATION OF QUALIFYING SECURITY EN-**
8 **HANCEMENT PROPERTY.**

9 (a) IN GENERAL.—Part VI of subchapter B of chap-
10 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 179A the following new
 3 section:

4 **“SEC. 179B. SECURITY ENHANCEMENT PROPERTY.**

5 “(a) ALLOWANCE OF DEDUCTION.—A taxpayer may
 6 elect to treat the cost of any qualifying security enhance-
 7 ment property as an expense which is not chargeable to
 8 capital account. Any cost so treated shall be allowed as
 9 a deduction for the taxable year in which such device is
 10 placed in service.

11 “(b) DEFINITIONS.—For purposes of this section—

12 “(1) QUALIFYING SECURITY ENHANCEMENT
 13 PROPERTY.—The term ‘qualifying security enhance-
 14 ment property’ means security enhancement
 15 property—

16 “(A) to which section 168 applies,

17 “(B) which is acquired by purchase (as de-
 18 fined in section 179(d)(2)), and

19 “(C) which is installed or placed in service
 20 in or outside of a building which is owned or oc-
 21 cupied by the taxpayer and which is located in
 22 the United States.

23 “(2) SECURITY ENHANCEMENT PROPERTY.—

24 “(A) IN GENERAL.—The term ‘security en-
 25 hancement property’ means property which is

1 specifically and primarily designed when in-
2 stalled in or outside of a building—

3 “(i) to detect or prevent the unlawful
4 access by individuals into the building or
5 onto its grounds,

6 “(ii) to detect or prevent the unlawful
7 bringing into the building or onto its
8 grounds of weapons, explosives, hazardous
9 materials, or other property capable of
10 harming the occupants of the building or
11 damaging the building, or

12 “(iii) to protect occupants of the
13 building or the building from the effects of
14 property described in clause (ii).

15 “(B) CERTAIN PROPERTY INCLUDED.—
16 The term ‘security enhancement property’
17 includes—

18 “(i) any security device, or

19 “(ii) any barrier to access to the
20 building grounds.

21 “(3) SECURITY DEVICE.—The term ‘security
22 device’ means any of the following:

23 “(A) An electronic access control device or
24 system.

1 “(B) Biometric identification or
2 verification device or system.

3 “(C) Closed-circuit television or other sur-
4 veillance and security cameras and equipment.

5 “(D) Locks for doors and windows, includ-
6 ing tumbler, key, and numerical or other coded
7 devices.

8 “(E) Computers and software used to com-
9 bat cyberterrorism.

10 “(F) Electronic alarm systems to provide
11 detection notification and off-premises trans-
12 mission of an unauthorized entry, attack, or
13 fire.

14 “(G) Components, wiring, system displays,
15 terminals, auxiliary power supplies, and other
16 equipment necessary or incidental to the oper-
17 ation of any item described in subparagraph
18 (A), (B), (C), (D), (E), or (F).

19 “(4) BUILDING.—The term ‘building’ includes
20 any structure or part of a structure used for com-
21 mercial, retail, or business purposes.

22 “(c) SPECIAL RULES.—

23 “(1) BASIS REDUCTION.—For purposes of this
24 subtitle, if a deduction is allowed under this section
25 with respect to the purchase of a qualifying security

1 device, the basis of such device shall be reduced by
2 the amount of the deduction so allowed.

3 “(2) ONLY INCREMENTAL COST INCLUDED.—If
4 qualifying security enhancement property has a use
5 or function other than that described in subsection
6 (b)(2), only the incremental cost of the use or func-
7 tion so described shall be taken into account.

8 “(3) CERTAIN RULES TO APPLY.—Rules similar
9 to the rules of paragraphs (3) and (4) of section
10 179(b), section 179(c), and paragraphs (3), (4), (8),
11 and (10) of section 179(d), shall apply for purposes
12 of this section.”

13 (b) CONFORMING AND CLERICAL AMENDMENTS.—

14 (1) Section 263(a)(1) of the Internal Revenue
15 Code of 1986 is amended by striking “or” at the
16 end of subparagraph (G), by striking the period at
17 the end of subparagraph (H) and inserting “, or”,
18 and by inserting after subparagraph (H) the fol-
19 lowing new subparagraph:

20 “(I) expenditures for which a deduction is
21 allowed under section 179B.”

22 (2) Section 312(k)(3)(B) of such Code is
23 amended—

24 (A) by striking “or 179A” and inserting “,
25 179A, or 179B”, and

1 (B) by striking “OR 179A” in the heading
2 and inserting “, 179A, OR 179B”.

3 (3) Section 1016(a) of such Code is amended
4 by striking “and” at the end of paragraph (27), by
5 striking the period at the end of paragraph (28) and
6 inserting “, and”, and by inserting after paragraph
7 (28) the following new paragraph:

8 “(29) to the extent provided in section
9 179B(c)(1),”.

10 (4) Section 1245(a) of such Code is amended
11 by inserting “179B,” after “179A,” both places it
12 appears in paragraphs (2)(C) and (3)(C).

13 (5) The table of sections for part VI of sub-
14 chapter B of chapter 1 of such Code is amended by
15 inserting after the item relating to section 179A the
16 following new item:

“Sec. 179B. Security enhancement property.”

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to property placed in service after
19 September 10, 2001, in taxable years ending after Sep-
20 tember 10, 2001.

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