

108TH CONGRESS
1ST SESSION

H. R. 3562

To amend the Internal Revenue Code of 1986 to allow businesses a credit for security devices, assessments, and other security-related expenses.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 20, 2003

Mr. SHUSTER 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 allow businesses a credit for security devices, assessments, and other security-related expenses.

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 “Prevent Act of 2003”.

5 **SEC. 2. BUSINESS CREDIT FOR SECURITY DEVICES, ASSESS-**
6 **MENTS, AND OTHER SECURITY-RELATED EX-**
7 **PENSES.**

8 (a) IN GENERAL.—Subpart D of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to business related credits) is amended by
2 adding at the end the following new section:

3 **“SEC. 45G. CERTAIN BUSINESS SECURITY EXPENDITURES.**

4 “(a) IN GENERAL.—For purposes of section 38, the
5 building security credit determined under this section is
6 an amount equal to the sum of—

7 “(1) 20 percent of the cost of each qualified
8 building securities device placed in service by the
9 taxpayer during the taxable year,

10 “(2) 30 percent of the qualified security assess-
11 ment expenses paid or incurred by the taxpayer dur-
12 ing the taxable year, and

13 “(3) 30 percent of the co-location property
14 placed in service by the taxpayer during the taxable
15 year.

16 “(b) QUALIFIED BUILDING SECURITY DEVICE.—For
17 purposes of this section—

18 “(1) QUALIFIED BUILDING SECURITY DE-
19 VICE.—The term ‘qualified building security device’
20 means a security device (to which section 168 ap-
21 plies)—

22 “(A) which is acquired by purchase (as de-
23 fined in section 179(d)(2)), and

1 “(B) which is used to provide security for
2 any building used by the taxpayer in any trade
3 or business.

4 “(2) SECURITY DEVICE.—The term ‘security
5 device’ means any of the following:

6 “(A) An electronic access control device or
7 system.

8 “(B) Biometric identification or
9 verification device or system.

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

12 “(D) Locks for doors and windows, includ-
13 ing tumbler, key, and numerical or other coded
14 devices.

15 “(E) Computers and software used to com-
16 bat cyberterrorism.

17 “(F) Electronic alarm systems to provide
18 detection notification and off-premises trans-
19 mission of an unauthorized entry, attack, or
20 fire.

21 “(G) An electronic device capable of track-
22 ing or verifying the presence of assets.

23 “(H) High efficiency air filtering systems.

24 “(I) Mechanical and non-mechanical vehi-
25 cle arresting barricades.

1 “(J) Metal detectors.

2 “(K) Signal repeating devices for emer-
3 gency response personnel wireless communica-
4 tion systems.

5 “(L) Components, wiring, system displays,
6 terminals, auxiliary power supplies, computer
7 systems, software, networking infrastructure
8 and other equipment necessary or incidental to
9 the operation of any item described in any of
10 the preceding subparagraphs.

11 “(c) QUALIFIED SECURITY ASSESSMENT EX-
12 PENSES.—For purposes of this section, the term ‘qualified
13 security assessment expenses’ means, with respect to any
14 business premises of the taxpayer, expenses for a security
15 analysis of such premises, including—

16 “(1) the susceptibility of such premises to secu-
17 rity threats,

18 “(2) the extent to which such threats can dam-
19 age or interrupt business operations at such prem-
20 ises, and

21 “(3) identifying processes that ensure the con-
22 tinuity of business operations following such damage
23 or interruption at such premises.

24 “(d) CO-LOCATION PROPERTY.—The term ‘co-locat-
25 tion property’ means buildings and equipment the exclu-

1 sive purpose of which is to replicate business operations
2 of the taxpayer in the event of damage or interruption of
3 such operations by a terrorism-related disaster, including
4 all computer network, telecommunication network and
5 business process equipment or any fraction thereof as con-
6 sidered necessary by the business.

7 “(e) RECAPTURE OF CREDIT IN CERTAIN CASES.—

8 “(1) IN GENERAL.—If the taxpayer uses co-lo-
9 cation property for a purpose other than the purpose
10 described in subsection (d) at any time during the
11 5-year period beginning on the date that such prop-
12 erty is placed in service, then the tax imposed under
13 this chapter for the taxable year in which such use
14 occurs is increased by the credit recapture amount.

15 “(2) CREDIT RECAPTURE AMOUNT.—For pur-
16 poses of paragraph (1), the credit recapture amount
17 is an amount equal to the sum of—

18 “(A) the aggregate decrease in the credits
19 allowed to the taxpayer under section 38 for all
20 prior taxable years which would have resulted if
21 no credit had been determined under this sec-
22 tion with respect to such property, plus

23 “(B) interest at the underpayment rate es-
24 tablished under section 6621 on the amount de-
25 termined under subparagraph (A) for each

1 prior taxable year for the period beginning on
2 the due date for filing the return for the prior
3 taxable year involved.

4 No deduction shall be allowed under this chapter for
5 interest described in subparagraph (B).

6 “(3) SPECIAL RULES.—

7 “(A) TAX BENEFIT RULE.—The tax for
8 the taxable year shall be increased under para-
9 graph (1) only with respect to credits allowed
10 by reason of this section which were used to re-
11 duce tax liability. In the case of credits not so
12 used to reduce tax liability, the carryforwards
13 and carrybacks under section 39 shall be appro-
14 priately adjusted.

15 “(B) NO CREDITS AGAINST TAX.—Any in-
16 crease in tax under this subsection shall not be
17 treated as a tax imposed by this chapter for
18 purposes of determining the amount of any
19 credit under this chapter or for purposes of sec-
20 tion 55.”.

21 (b) CREDIT TREATED AS BUSINESS CREDIT.—Sec-
22 tion 38(b) of such Code is amended by striking “plus”
23 at the end of paragraph (14), by striking the period at
24 the end of paragraph (15) and inserting “, plus”, and by
25 adding at the end the following new paragraph:

1 “(16) the building security credit determined
2 under section 45G(a).”.

3 (c) NO CARRYBACKS.—Subsection (d) of section 39
4 of such Code (relating to carryback and carryforward of
5 unused credits) is amended by adding at the end the fol-
6 lowing:

7 “(11) NO CARRYBACK OF SECTION 45G CREDIT
8 BEFORE EFFECTIVE DATE.—No portion of the un-
9 used business credit for any taxable year which is
10 attributable to the building security credit deter-
11 mined under section 45G may be carried back to a
12 taxable year ending before the date of the enactment
13 of section 45G.”.

14 (d) CLERICAL AMENDMENT.—The table of sections
15 for subpart D of part IV of subchapter A of chapter 1
16 of such Code is amended by adding at the end the fol-
17 lowing new item:

“45G. Certain business security expenditures.”.

18 (e) EFFECTIVE DATE.—

19 (1) IN GENERAL.—Except as provided in para-
20 graph (2), the amendments made by this section
21 shall apply to property placed in service after the
22 date of the enactment of this Act in taxable years
23 ending after such date.

24 (2) ASSESSMENT EXPENSES.—The amendments
25 made by this section shall apply to qualified security

1 assessment expenses paid or incurred after the date
2 of the enactment of this Act in taxable years ending
3 after such date.

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