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**AMENDMENT TO H.R. 1**  
**OFFERED BY MR. HOEKSTRA OF MICHIGAN AND**  
**MS. BEAN OF ILLINOIS**

At the end of part 1 of subtitle E of title I of division B, add the following:

1 **SEC. 1403. RECOVERY PERIOD FOR DEPRECIATION OF CER-**  
2 **TAIN SYSTEMS INSTALLED IN NONRESIDEN-**  
3 **TIAL AND RESIDENTIAL RENTAL BUILDINGS.**

4 (a) 20-YEAR RECOVERY PERIOD FOR HIGHLY EFFI-  
5 CIENT HVAC&R EQUIPMENT.—Subparagraph (F) of sec-  
6 tion 168(e)(3) (relating to 20-year property) is amended  
7 to read as follows:

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

10 “(i) initial clearing and grading land  
11 improvements with respect to any electric  
12 utility transmission and distribution plant,  
13 and

14 “(ii) any property—

15 “(I) which is part of a heating,  
16 ventilation, air conditioning, or com-  
17 mercial refrigeration system,

1                   “(II) which exceeds by at least  
2                   10 percent the applicable minimum  
3                   performance standard for such system  
4                   or component under the National Ap-  
5                   pliance Energy Conservation Act of  
6                   1987 or the Energy Policy Act of  
7                   1992 (as such Acts are in effect on  
8                   the date that such property is placed  
9                   in service and taking into account any  
10                  changes to the American Society of  
11                  Heating, Refrigerating and Air-condi-  
12                  tioning Engineers Standard 90.1  
13                  which have been adopted by the De-  
14                  partment of Energy as of such date),  
15                  “(III) which is installed on or in  
16                  a building which is nonresidential real  
17                  property or residential rental prop-  
18                  erty,  
19                  “(IV) the original use of which  
20                  commences with the taxpayer (the  
21                  owner or lessor in the case of residen-  
22                  tial rental property), and  
23                  “(V) which is placed in service  
24                  before January 1, 2013.”

1 (b) 25-YEAR RECOVERY PERIOD.—Section 168(e)(3)  
2 is further amended by inserting after subparagraph (F)  
3 the following new subparagraph:

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

6 “(i) which is part of a heating, ven-  
7 tilation, air conditioning, or commercial re-  
8 frigeration system,

9 “(ii) which is not described in sub-  
10 paragraph (F),

11 “(iii) which is installed on or in a  
12 building which is nonresidential real prop-  
13 erty or residential rental property,

14 “(iv) the original use of which com-  
15 mences with the taxpayer (the owner or  
16 lessor in the case of residential rental  
17 property), and

18 “(v) which is placed in service before  
19 January 1, 2013.”.

20 (c) CONFORMING AMENDMENTS.—

21 (1) The table contained in section 168(c) is  
22 amended by inserting after the item relating to 20-  
23 year property the following new item:

“25-year property ..... 25 years”.

24 (2) The table contained in section 467(e)(3)(A)  
25 is amended by inserting after the item relating to

1 residential rental property and nonresidential real  
2 property the following new item:

“25-year property ..... 25 years”.

3 (d) REQUIREMENT TO USE STRAIGHT LINE METH-  
4 OD.—Paragraph (3) of section 168(b) (relating to prop-  
5 erty to which straight line method applies) is amended by  
6 redesignating subparagraphs (F), (G), (H), and (I) as  
7 subparagraphs (G), (H), (I), and (J), respectively, and by  
8 inserting after subparagraph (E) the following new sub-  
9 paragraph:

10 “(F) Property described in subsection  
11 (e)(3)(F)(ii) and subsection (e)(3)(G).”.

12 (e) ALTERNATIVE SYSTEM.—The table contained in  
13 section 168(g)(3)(B) is amended by striking the items re-  
14 lating to subparagraph (F) and inserting the following  
15 new items:

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

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

