

114TH CONGRESS  
1ST SESSION

# H. R. 1852

To amend the Internal Revenue Code of 1986 to make permanent the credit for increasing research activities, to increase such credit for amounts paid or incurred for qualified research occurring in the United States, and to increase the domestic production activities deduction for the manufacture of property substantially all of the research and development of which occurred in the United States.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 16, 2015

Ms. EDWARDS (for herself, Mr. CUMMINGS, Mr. HONDA, Mr. KEATING, Ms. NORTON, and Ms. TSONGAS) 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 make permanent the credit for increasing research activities, to increase such credit for amounts paid or incurred for qualified research occurring in the United States, and to increase the domestic production activities deduction for the manufacture of property substantially all of the research and development of which occurred in the United States.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “21st Century Invest-  
3 ment Act of 2015”.

4 **SEC. 2. RESEARCH CREDIT MADE PERMANENT.**

5 (a) IN GENERAL.—Section 41 of the Internal Rev-  
6 enue Code of 1986 is amended by striking subsection (h).

7 (b) CONFORMING AMENDMENTS.—

8 (1) Section 41(c) of such Code is amended by  
9 striking paragraph (4).

10 (2) Paragraph (1) of section 45C(b) of such  
11 Code is amended by striking subparagraph (D).

12 (c) EFFECTIVE DATE.—The amendments made by  
13 this subsection shall apply to amounts paid or incurred  
14 after December 31, 2014.

15 **SEC. 3. INCREASE IN RESEARCH CREDIT FOR CONTRACTED**  
16 **RESEARCH WITH UNITED STATES BUSI-**  
17 **NESSES.**

18 (a) IN GENERAL.—Section 41 of the Internal Rev-  
19 enue Code of 1986, as amended by section 2 of this Act,  
20 is amended by inserting after subsection (g) the following  
21 new subsection:

22 “(h) SPECIAL RULE FOR CONTRACTED RESEARCH  
23 WITH UNITED STATES MANUFACTURING BUSINESS.—

24 “(1) IN GENERAL.—If the taxpayer elects the  
25 application of this subsection, subsection (a)(1) shall  
26 be applied by substituting ‘25 percent’ for ‘20 per-

1 cent' with respect to qualified United States re-  
2 search expenses.

3 “(2) QUALIFIED UNITED STATES RESEARCH  
4 EXPENSES.—For purposes of this subsection, the  
5 term ‘qualified United States research expenses’  
6 means any amount paid or incurred by the taxpayer  
7 to any person (other than an employee of the tax-  
8 payer) for qualified research, substantially all of  
9 which occurs in the United States.

10 “(3) SEPARATE APPLICATION OF SECTION.—In  
11 the case of any election of the application of this  
12 subsection, this section shall be applied separately  
13 with respect to qualified United States research ex-  
14 penses.”.

15 (b) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to amounts paid or incurred for  
17 taxable years beginning after the date of the enactment  
18 of this Act.

19 **SEC. 4. INCREASE IN DOMESTIC PRODUCTION ACTIVITIES**  
20 **DEDUCTION FOR MANUFACTURED PROP-**  
21 **ERTY RESEARCHED AND DEVELOPED IN**  
22 **UNITED STATES.**

23 (a) IN GENERAL.—Section 199(d) of the Internal  
24 Revenue Code of 1986 is amended by redesignating para-

1 graph (10) as paragraph (11) and by inserting after para-  
2 graph (9) the following new paragraph:

3           “(10) SPECIAL RULE FOR CERTAIN MANUFAC-  
4           TURING.—

5                   “(A) IN GENERAL.—In the case of quali-  
6           fied production activities income attributable to  
7           the manufacture or production of qualifying  
8           production property substantially all of the re-  
9           search and development of which occurred in  
10          the United States, subsection (a) shall be ap-  
11          plied by substituting ‘15 percent’ for ‘9 per-  
12          cent’.

13                   “(B) SPECIAL RULE WHEN TAXABLE IN-  
14          COME USED TO DETERMINE DEDUCTION.—In  
15          the case of any taxable year for which the tax-  
16          payer’s qualified production activities income  
17          exceeds the taxpayer’s taxable income (deter-  
18          mined without regard to this section), the  
19          amount of taxable income to which the 15 per-  
20          cent amount in subparagraph (A) applies under  
21          subsection (a)(1) shall be an amount equal to  
22          the amount which bears the same ratio to such  
23          taxable income (as so determined) as—

24                           “(i) the amount of qualified produc-  
25                           tion activities income of the taxpayer for

1 the taxable year which is attributable to  
2 the manufacture or production of quali-  
3 fying production property substantially all  
4 of the research and development with re-  
5 spect to which occurred in the United  
6 States, bears to

7 “(ii) all qualified production activities  
8 income of the taxpayer for the taxable  
9 year.

10 “(C) TERMINATION.—This paragraph shall  
11 not apply to taxable years beginning after De-  
12 cember 31, 2024.”.

13 (b) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to taxable years beginning after  
15 the date of the enactment of this Act.

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