

110TH CONGRESS  
1ST SESSION

# H. R. 2138

To amend the Internal Revenue Code of 1986 to permanently extend the research credit and strengthen the alternative simplified credit for qualified research expenses.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 3, 2007

Mr. LEVIN (for himself, Mr. CAMP of Michigan, Mr. McDERMOTT, Mr. HERGER, Mr. LEWIS of Georgia, Mr. RAMSTAD, Mr. NEAL of Massachusetts, Mr. SAM JOHNSON of Texas, Mr. POMEROY, Mr. ENGLISH of Pennsylvania, Mrs. JONES of Ohio, Mr. WELLER of Illinois, Mr. LARSON of Connecticut, Mr. HULSHOF, Mr. EMANUEL, Mr. LEWIS of Kentucky, Mr. BLUMENAUER, Mr. BRADY of Texas, Mr. KIND, Mr. REYNOLDS, Mr. PASCRELL, Mr. CANTOR, Ms. BERKLEY, Mr. NUNES, Mr. CROWLEY, Mr. TIBERI, Mr. VAN HOLLEN, Mr. PORTER, Ms. SCHWARTZ, and Mr. DAVIS of Alabama) 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 permanently extend the research credit and strengthen the alternative simplified credit for qualified research 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 “Investment in America  
5 Act of 2007”.

1 **SEC. 2. FINDINGS.**

2 The Congress finds as follows:

3 (1) Research and development performed in the  
4 United States results in quality jobs, better and  
5 safer products, increased ownership of technology-  
6 based intellectual property, and higher productivity  
7 in the United States.

8 (2) The extent to which companies perform and  
9 increase research and development activities in the  
10 United States is in part dependent on Federal tax  
11 policy.

12 (3) The Congress should make permanent a re-  
13 search and development credit that provides a mean-  
14 ingful incentive at a commensurate rate for all types  
15 of taxpayers.

16 **SEC. 3. INCREASE IN RATE OF ALTERNATIVE SIMPLIFIED**  
17 **CREDIT.**

18 (a) **IN GENERAL.**—Subparagraph (A) of section  
19 41(c)(5) of the Internal Revenue Code of 1986 (relating  
20 to election of alternative simplified credit) is amended by  
21 striking “12 percent” and inserting “20 percent”.

22 (b) **EFFECTIVE DATE.**—The amendment made by  
23 this section shall apply to amounts paid or incurred after  
24 December 31, 2007.

1 **SEC. 4. PERMANENT EXTENSION OF RESEARCH CREDIT.**

2 (a) IN GENERAL.—Section 41 of the Internal Rev-  
3 enue Code of 1986 (relating to credit for increasing re-  
4 search activities) is amended by striking subsection (h).

5 (b) CONFORMING AMENDMENT.—Paragraph (1) of  
6 section 45C(b) of such Code is amended by striking sub-  
7 paragraph (D).

8 (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to amounts paid or incurred after  
10 December 31, 2007.

11 **SEC. 5. REPEAL THE ALTERNATIVE INCREMENTAL CREDIT.**

12 (a) IN GENERAL.—Section 41(c) of the Internal Rev-  
13 enue Code of 1986, as amended by section 3, is amended  
14 by striking paragraph (4) and by redesignating para-  
15 graphs (5), (6), and (7) as paragraphs (4), (5), and (6),  
16 respectively.

17 (b) CONFORMING AMENDMENT.—Section  
18 41(c)(4)(C) of such Code, as amended by subsection (a),  
19 is amended by striking the last sentence.

20 (c) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to taxable years beginning after  
22 December 31, 2007.

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