

111TH CONGRESS
2^D SESSION

H. R. 6201

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.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 23, 2010

Ms. EDWARDS of Maryland (for herself, Mr. BISHOP of Georgia, and Ms. FUDGE) 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 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 2010”.

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 AMENDMENT.—Paragraph (1) of
8 section 45C(b) of such Code is amended by striking sub-
9 paragraph (D).

10 (c) EFFECTIVE DATE.—The amendments made by
11 this subsection shall apply to amounts paid or incurred
12 after December 31, 2009.

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

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

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

23 “(1) IN GENERAL.—If the taxpayer elects the
24 application of this subsection, subsection (a)(1) shall
25 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 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.—Subsection (d) of section 199 of
24 the Internal Revenue Code of 1986 is amended by redesign-

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

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

5 “(A) IN GENERAL.—In the case qualified
6 production activities income attributable to the
7 manufacture or production of qualifying pro-
8 duction 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, 2020.”.

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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