

106TH CONGRESS  
1ST SESSION

# S. 1803

To amend the Internal Revenue Code of 1986 to extend permanently and expand the research tax credit.

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## IN THE SENATE OF THE UNITED STATES

OCTOBER 27, 1999

Mr. ROBB (for himself, Mr. BAUCUS, Mr. BINGAMAN, Mrs. BOXER, Mrs. FEINSTEIN, Mr. KENNEDY, Mr. KERRY, Mr. LEAHY, Mrs. MURRAY, Mr. REID, Mr. SARBANES, and Mr. LIEBERMAN) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to extend permanently and expand the research tax credit.

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. PERMANENT EXTENSION AND MODIFICATION**

#### 4 **OF RESEARCH CREDIT.**

5 (a) PERMANENT EXTENSION.—

6 (1) IN GENERAL.—Section 41 of the Internal  
7 Revenue Code of 1986 (relating to credit for increas-  
8 ing research activities) is amended by striking sub-  
9 section (h).

1           (2) CONFORMING AMENDMENT.—Paragraph (1)  
 2           of section 45C(b) of such Code is amended by strik-  
 3           ing subparagraph (D).

4           (3) EFFECTIVE DATE.—The amendments made  
 5           by this subsection shall apply to amounts paid or in-  
 6           curred after June 30, 1999.

7           (b) INCREASE IN PERCENTAGES UNDER ALTER-  
 8           NATIVE INCREMENTAL CREDIT.—

9           (1) IN GENERAL.—Subparagraph (A) of section  
 10          41(c)(4) of the Internal Revenue Code of 1986 is  
 11          amended—

12                   (A) by striking “1.65 percent” and insert-  
 13                   ing “2.65 percent”,

14                   (B) by striking “2.2 percent” and inserting  
 15                   “3.2 percent”, and

16                   (C) by striking “2.75 percent” and insert-  
 17                   ing “3.75 percent”.

18          (2) EFFECTIVE DATE.—The amendments made  
 19          by this subsection shall apply to taxable years begin-  
 20          ning after June 30, 1999.

21          (c) EXTENSION OF RESEARCH CREDIT TO RESEARCH  
 22          IN PUERTO RICO AND THE POSSESSIONS OF THE UNITED  
 23          STATES.—

24                   (1) IN GENERAL.—Section 41(d)(4)(F) of the  
 25          Internal Revenue Code of 1986 (relating to foreign

1 research) is amended by inserting “, the Common-  
2 wealth of Puerto Rico, or any possession of the  
3 United States” after “United States”.

4 (2) EFFECTIVE DATE.—The amendment made  
5 by this section shall apply to taxable years beginning  
6 after December 31, 1999.

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