

107TH CONGRESS  
1ST SESSION

# S. 41

To amend the Internal Revenue Code of 1986 to permanently extend the research credit and to increase the rates of the alternative incremental credit.

---

## IN THE SENATE OF THE UNITED STATES

JANUARY 22, 2001

Mr. HATCH (for himself, Mr. BAUCUS, Mr. MURKOWSKI, Mr. JEFFORDS, Ms. SNOWE, Mr. KYL, Mr. ROCKEFELLER, Mr. BREAUX, Mr. CONRAD, Mr. GRAHAM, Mr. DASCHLE, Mr. KERRY, Mr. BINGAMAN, Mr. TORRICELLI, and Mrs. LINCOLN) introduced the following bill; which was read twice and referred to the Committee on Finance

---

## A BILL

To amend the Internal Revenue Code of 1986 to permanently extend the research credit and to increase the rates of the alternative incremental 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 OF RESEARCH  
4 CREDIT.**

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

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

4       (c) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to amounts paid or incurred after  
6 the date of the enactment of this Act.

7 **SEC. 2. INCREASE IN RATES OF ALTERNATIVE INCRE-  
8 MENTAL CREDIT.**

9       (a) IN GENERAL.—Subparagraph (A) of section  
10 41(c)(4) of the Internal Revenue Code of 1986 (relating  
11 to election of alternative incremental credit) is amended—

12           (1) by striking “2.65 percent” and inserting “3  
13 percent”,

14           (2) by striking “3.2 percent” and inserting “4  
15 percent”, and

16           (3) by striking “3.75 percent” and inserting “5  
17 percent”.

18       (b) EFFECTIVE DATE.—The amendment made by  
19 this section shall apply to taxable years ending after the  
20 date of the enactment of this Act.

