

112TH CONGRESS
2D SESSION

H. R. 6329

To amend the Internal Revenue Code of 1986 to make the research credit permanent, to increase the research credit for businesses manufacturing in the United States, and to make the research credit refundable for small businesses.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 2, 2012

Ms. HOCHUL 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 the research credit permanent, to increase the research credit for businesses manufacturing in the United States, and to make the research credit refundable for small businesses.

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 “Build It in America
5 Act of 2012”.

1 **SEC. 2. CREDIT FOR RESEARCH ACTIVITIES MADE PERMA-**
 2 **NENT; INCREASED CREDIT FOR BUSINESSES**
 3 **MANUFACTURING IN THE UNITED STATES;**
 4 **CREDIT MADE REFUNDABLE FOR SMALL**
 5 **BUSINESSES.**

6 (a) RESEARCH CREDIT MADE PERMANENT.—

7 (1) IN GENERAL.—Section 41 of the Internal
 8 Revenue Code of 1986 is amended by striking sub-
 9 section (h).

10 (2) CONFORMING AMENDMENTS.—

11 (A) Subsection (c) of section 41 of such
 12 Code is amended by striking paragraph (4).

13 (B) Paragraph (1) of section 45C(b) of
 14 such Code is amended by striking subparagraph
 15 (D).

16 (3) EFFECTIVE DATE.—The amendments made
 17 by this subsection shall apply to amounts paid or in-
 18 curred after December 31, 2011.

19 (b) ENHANCED RESEARCH CREDIT FOR DOMESTIC
 20 MANUFACTURERS.—

21 (1) IN GENERAL.—Section 41 of such Code, as
 22 amended by subsection (a), is amended by inserting
 23 after subsection (g) the following new subsection:

24 “(h) ENHANCED CREDIT FOR DOMESTIC MANUFAC-
 25 TURERS.—

1 “(1) IN GENERAL.—In the case of a qualified
2 domestic manufacturer, this section shall be applied
3 by increasing the 20 percent amount in subsection
4 (a)(1) by the bonus amount.

5 “(2) QUALIFIED DOMESTIC MANUFACTURER.—
6 For purposes of this subsection—

7 “(A) IN GENERAL.—The term ‘qualified
8 domestic manufacturer’ means any taxpayer
9 who has a domestic production percentage of
10 more than 50 percent.

11 “(B) DOMESTIC PRODUCTION PERCENT-
12 AGE.—The term ‘domestic production percent-
13 age’ means, with respect to any taxable year,
14 the percentage determined by dividing—

15 “(i) the taxpayer’s domestic produc-
16 tion gross receipts (as defined in para-
17 graph (4) of section 199(c)) for such tax-
18 able year, by

19 “(ii) the amount which would be de-
20 termined under such paragraph with re-
21 spect to the taxpayer for such taxable year
22 if the activities described in such para-
23 graph were taken into account without re-
24 gard to whether they occurred in the
25 United States.

1 “(3) BONUS AMOUNT.—For purposes of para-
 2 graph (1), the bonus amount shall be determined as
 3 follows:

“If the domestic production percentage is:	The bonus amount is:
More than 50 percent but not more than 60 percent ...	2 percentage points
More than 60 percent but not more than 70 percent ...	4 percentage points
More than 70 percent but not more than 80 percent ...	6 percentage points
More than 80 percent but not more than 90 percent ...	8 percentage points
More than 90 percent	10 percentage points”.

4 (2) EFFECTIVE DATE.—The amendment made
 5 by this section shall apply to expenditures paid or
 6 incurred in taxable years beginning after December
 7 31, 2011.

8 (c) CREDIT MADE REFUNDABLE FOR SMALL BUSI-
 9 NESSES.—

10 (1) IN GENERAL.—Section 41 of such Code is
 11 amended by adding at the end the following new
 12 subsection:

13 “(i) CREDIT REFUNDABLE FOR SMALL BUSI-
 14 NESSES.—

15 “(1) IN GENERAL.—In the case of a small busi-
 16 ness (as defined in subsection (b)(3)(D)(iii)), 100
 17 percent of the credit determined under this section
 18 shall be treated as a credit allowable under subpart
 19 C (and not allowable under this subpart).

20 “(2) BUSINESSES WITH MORE THAN 500 EM-
 21 PLOYEES BUT LESS THAN 800 EMPLOYEES.—If any
 22 person (not otherwise a small business (as so de-

1 fined)) would be treated as such a small business if
 2 ‘less than 800’ were substituted for ‘500 or fewer’
 3 in subsection (b)(3)(D)(iii), such person shall be
 4 treated as a small business for purposes of this sub-
 5 section but the applicable percentage determined in
 6 accordance with the following table shall be sub-
 7 stituted for ‘100 percent’ in paragraph (1).

“If the annual number of employees is:	The applicable percentage is:
More than 500 but not more than 600	80
More than 600 but not more than 700	60
More than 700 but not more than 800	40”.

8 (2) EFFECTIVE DATE.—The amendment made
 9 by this subsection shall apply to taxable years begin-
 10 ning after December 31, 2011.

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