

115TH CONGRESS
1ST SESSION

H. R. 2671

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

MAY 25, 2017

Mr. BROWN of Maryland (for himself, Ms. NORTON, Mr. KEATING, Ms. MICHELLE LUJAN GRISHAM of New Mexico, Mr. CUMMINGS, and Mr. CICILLINE) 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 2017”.

4 **SEC. 2. INCREASE IN RESEARCH CREDIT FOR CONTRACTED**
5 **RESEARCH WITH UNITED STATES BUSI-**
6 **NESSES.**

7 (a) IN GENERAL.—Section 41 of the Internal Rev-
8 enue Code of 1986, as amended by section 2 of this Act,
9 is amended by inserting after subsection (h) the following
10 new subsection:

11 “(i) SPECIAL RULE FOR CONTRACTED RESEARCH
12 WITH UNITED STATES MANUFACTURING BUSINESS.—

13 “(1) IN GENERAL.—If the taxpayer elects the
14 application of this subsection, subsection (a)(1) shall
15 be applied by substituting ‘25 percent’ for ‘20 per-
16 cent’ with respect to qualified United States re-
17 search expenses.

18 “(2) QUALIFIED UNITED STATES RESEARCH
19 EXPENSES.—For purposes of this subsection, the
20 term ‘qualified United States research expenses’
21 means any amount paid or incurred by the taxpayer
22 to any person (other than an employee of the tax-
23 payer) for qualified research, substantially all of
24 which occurs in the United States.

25 “(3) SEPARATE APPLICATION OF SECTION.—In
26 the case of any election of the application of this

1 subsection, this section shall be applied separately
 2 with respect to qualified United States research ex-
 3 penses.”.

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

8 **SEC. 3. INCREASE IN DOMESTIC PRODUCTION ACTIVITIES**
 9 **DEDUCTION FOR MANUFACTURED PROP-**
 10 **ERTY RESEARCHED AND DEVELOPED IN**
 11 **UNITED STATES.**

12 (a) IN GENERAL.—Section 199(d) of the Internal
 13 Revenue Code of 1986 is amended by redesignating para-
 14 graph (10) as paragraph (11) and by inserting after para-
 15 graph (9) the following new paragraph:

16 “(10) SPECIAL RULE FOR CERTAIN MANUFAC-
 17 TURING.—

18 “(A) IN GENERAL.—In the case of quali-
 19 fied production activities income attributable to
 20 the manufacture or production of qualifying
 21 production property substantially all of the re-
 22 search and development of which occurred in
 23 the United States, subsection (a) shall be ap-
 24 plied by substituting ‘15 percent’ for ‘9 per-
 25 cent’.

“(B) SPECIAL RULE WHEN TAXABLE INCOME USED TO DETERMINE DEDUCTION.—In the case of any taxable year for which the taxpayer’s qualified production activities income exceeds the taxpayer’s taxable income (determined without regard to this section), the amount of taxable income to which the 15 percent amount in subparagraph (A) applies under subsection (a)(1) shall be an amount equal to the amount which bears the same ratio to such taxable income (as so determined) as—

“(i) the amount of qualified production activities income of the taxpayer for the taxable year which is attributable to the manufacture or production of qualifying production property substantially all of the research and development with respect to which occurred in the United States, bears to

“(ii) all qualified production activities income of the taxpayer for the taxable year.

“(C) TERMINATION.—This paragraph shall not apply to taxable years beginning after December 31, 2024.”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 the date of the enactment of this Act.

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