

112TH CONGRESS  
1ST SESSION

# H. R. 942

To amend the Internal Revenue Code of 1986 to extend the research credit through 2012 and to increase and make permanent the alternative simplified research credit.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 2011

Mr. BRADY of Texas (for himself, Mr. LARSON of Connecticut, Mr. PAULSEN, Ms. ESHOO, Ms. MATSUI, and Mr. McCAUL) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to extend the research credit through 2012 and to increase and make permanent the alternative simplified research 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. SHORT TITLE.**

4 This Act may be cited as the “American Research  
5 and Competitiveness Act of 2011”.

1 **SEC. 2. EXTENSION OF RESEARCH CREDIT; ALTERNATIVE**  
2 **SIMPLIFIED RESEARCH CREDIT INCREASED**  
3 **AND MADE PERMANENT.**

4 (a) EXTENSION OF CREDIT.—

5 (1) IN GENERAL.—Subparagraph (B) of section  
6 41(h)(1) of the Internal Revenue Code of 1986 is  
7 amended by striking “December 31, 2011” and in-  
8 serting “December 31, 2012”.

9 (2) CONFORMING AMENDMENT.—Subparagraph  
10 (D) of section 45C(b)(1) of such Code is amended  
11 by striking “December 31, 2011” and inserting  
12 “December 31, 2012”.

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

16 (b) ALTERNATIVE SIMPLIFIED RESEARCH CREDIT  
17 INCREASED AND MADE PERMANENT.—

18 (1) INCREASED CREDIT.—Subparagraph (A) of  
19 section 41(e)(5) of such Code (relating to election of  
20 alternative simplified credit) is amended by striking  
21 “14 percent (12 percent in the case of taxable years  
22 ending before January 1, 2009)” and inserting “20  
23 percent”.

24 (2) CREDIT MADE PERMANENT.—

25 (A) IN GENERAL.—Subsection (h) of sec-  
26 tion 41 of such Code is amended by redesignig-

1 nating the paragraph (2) relating to computa-  
2 tion of taxable year in which credit terminates  
3 as paragraph (4) and by inserting before such  
4 paragraph the following new paragraph:

5 “(3) TERMINATION NOT TO APPLY TO ALTER-  
6 NATIVE SIMPLIFIED CREDIT.—Paragraph (1) shall  
7 not apply to the credit determined under subsection  
8 (c)(5).”.

9 (B) CONFORMING AMENDMENT.—Para-  
10 graph (4) of section 41(h) of such Code, as re-  
11 designated by subparagraph (A), is amended to  
12 read as follows:

13 “(4) COMPUTATION FOR TAXABLE YEAR IN  
14 WHICH CREDIT TERMINATES.—In the case of any  
15 taxable year with respect to which this section ap-  
16 plies to a number of days which is less than the total  
17 number of days in such taxable year, the amount de-  
18 termined under subsection (c)(1)(B) with respect to  
19 such taxable year shall be the amount which bears  
20 the same ratio to such amount (determined without  
21 regard to this paragraph) as the number of days in  
22 such taxable year to which this section applies bears  
23 to the total number of days in such taxable year.”.

1           (3) EFFECTIVE DATE.—The amendments made  
2           by this subsection shall apply to taxable years end-  
3           ing after December 31, 2010.

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