

Amendment to SB 411-FN-A

1 Amend the title of the bill by replacing it with the following:

2
3 AN ACT relative to the research and development tax credit.

4
5 Amend the bill by replacing all after the enacting clause with the following:

6
7 1 Business Profits Tax; Credit for Research and Development; Survey. Amend RSA 77-A:5,
8 XIII to read as follows:

9 XIII.(a) There shall be allowed a research and development tax credit for qualified
10 manufacturing research and development expenditures made or incurred during the fiscal year, as
11 follows:

12 (1) The aggregate of tax credits issued by the commissioner to all taxpayers
13 claiming the credit shall not exceed \$7,000,000 for any fiscal year.

14 (2) Each credit shall be used to offset the taxpayer's tax liability within the
15 subsequent 5 tax years. The amount of the credit shall be the lesser of:

16 (A) Ten percent of the excess of the qualified manufacturing research and
17 development expenses for the taxable year over the base amount;

18 (B) The proportional share of the maximum aggregate credit amount allowed in
19 subparagraph (1);

20 (C) \$50,000.

21 (3) Taxpayers shall apply for the tax credit on forms provided by the commissioner
22 and shall be accompanied by information or records required by the commissioner, ***including but***
23 ***not limited to the survey described in subparagraph (d).*** Such application shall be
24 postmarked no later than June 30 following the tax year during which research and development
25 occurred.

26 (4) A determination on the final amount of the credit awarded by the commissioner
27 to each taxpayer claiming the credit shall be made no later than September 30 of each year.

28 (5) Wages for which a credit is taken under this paragraph shall not also be eligible
29 for a credit under RSA 162-N.

30 (b) For purposes of this paragraph:

31 (1) The term "qualified manufacturing research and development expenditures"
32 shall mean solely any wages paid or incurred to an employee of the business organization for

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1 services rendered by such employee within this state within the meaning of RSA 77-A:3; I(b),
2 provided that:

3 (A) Such wages shall be treated as wages for qualified research expenses under
4 section 41(b) of the United States Internal Revenue Code.

5 (B) Such services are undertaken for the purpose of discovering information
6 which constitutes qualified research and development of a new or improved manufacturing process
7 or business component of the business organization.

8 (C) The wages qualify and are reported as a credit by the business organization
9 under section 41 of the United States Internal Revenue Code as defined in RSA 77-A:1, XX.

10 (D) The wages are reported by the business organization in the enterprise value
11 tax base under RSA 77-E.

12 (2) "Base amount" shall mean the base amount of expenditure as defined under
13 section 41 of the United States Internal Revenue Code as defined by RSA 77-A:1, XX, except that
14 the minimum base amount may be 0.

15 (c) A unitary business or an enterprise consisting of one or more taxpayers under this
16 chapter shall be considered a single taxpayer for purposes of claiming the credit under this
17 paragraph.

18 *(d) Applications for the research and development tax credit shall be*
19 *accompanied by a completed survey, upon such form as the commissioner may direct,*
20 *providing information describing the impact of the expenditures upon which the tax*
21 *credit is based as follows:*

22 *(1) The types of research and development projects supported by the*
23 *expenditures;*

24 *(2) Whether the projects supported by the expenditures resulted in products*
25 *being brought to market;*

26 *(3) An estimate of the number of jobs created or supported as a result of the*
27 *expenditures;*

28 *(4) The total prior year business profits tax liability of the taxpayer, before*
29 *consideration of any credits provided for in this section;*

30 *(5) The number of times the taxpayer has received the research and*
31 *development tax credit in the past;*

32 *(6) The total amount of research and development tax credits that the*
33 *taxpayer had outstanding at the end of the prior tax year, and*

34 *(7) Any other question helpful to evaluating the costs and benefits of the*
35 *research and development tax credit.*

36 *(e) On or before December 31 2019, and each December 31 thereafter, the*
37 *commissioner shall provide the president of the senate, the speaker of the house of*

1 *representatives, and members of the senate ways and means committee and house ways*
2 *and means committee a report detailing, consistent with RSA 21-J:14, the aggregated*
3 *results of the survey described in subparagraph (d).*

4 2 Effective Date. This act shall take effect upon its passage.

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AMENDED ANALYSIS

This bill requires applicants for the research and development tax credit against business profits taxes to complete a survey.