

MAINE STATE LEGISLATURE

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129th MAINE LEGISLATURE

FIRST REGULAR SESSION-2019

Legislative Document

No. 977

H.P. 732

House of Representatives, February 26, 2019

An Act To Restore the Super Credit for Substantially Increased Research and Development

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative HEPLER of Woolwich.
Cosponsored by Senator BELLOWS of Kennebec and
Representatives: DAUGHTRY of Brunswick, LANDRY of Farmington, SKOLFIELD of
Weld, STOVER of Boothbay, TEPLER of Topsham, WARREN of Hallowell.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 36 MRSA §5219-L, sub-§1**, as amended by PL 2013, c. 502, Pt. J, §1 and
3 affected by §3, is repealed and the following enacted in its place:

4 **1. Super credit allowed for substantial expansions of research and development.**
5 For tax years beginning on or after January 1, 2019, a taxpayer that qualifies for the
6 research expense tax credit allowed under section 5219-K is allowed an additional credit
7 against the tax due under this Part equal to the excess, if any, of qualified research
8 expenses for the taxable year over the super credit base amount. For purposes of this
9 section, "super credit base amount" means the greater of the average annual amount spent
10 on qualified research expenses by the taxpayer in the 3 taxable years immediately
11 preceding:

12 A. The tax year for which the credit is taken; and

13 B. The effective date of this subsection.

14 For purposes of this section, "qualified research expenses" has the same meaning as under
15 the Code, Section 41 but applies only to expenditures for research conducted in this State.

16 **Sec. 2. Retroactivity; application.** This Act applies retroactively to tax years
17 beginning on or after January 1, 2014.

18 **SUMMARY**

19 Under a tax credit that expired January 1, 2014, a taxpayer that qualified for a
20 research expense tax credit was allowed a so-called super credit for qualified research
21 expenses for research conducted in this State. A taxpayer who had unused credits may
22 carry over any unused credit for the next succeeding 10 years, except that the credit is
23 limited to no more than 25% of the taxpayer's tax due after the allowance of other tax
24 credits.

25 This bill restores the availability of the super credit, retroactive to January 1, 2014,
26 and resets the base amount to the average annual amount spent by the taxpayer on
27 qualified research expenses during the 3 years before the credit is taken or during the 3
28 years before the effective date of this legislation, whichever is greater.