
HOUSE BILL No. 1338

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-4-2; IC 6-3.1-4-6

Synopsis: Research and development credit. Increases the research expense tax credit percentage from 5% to 6%. Makes the tax credit permanent by eliminating its expiration date. Modifies the tax credit by repealing the apportionment limit. (For a taxpayer with income apportioned to Indiana, this provision currently limits the credit to the lesser of the taxpayer's Indiana qualified research expenses or its apportioned research expenses for the year. This bill would provide that a taxpayer's credit is based solely on the taxpayer's Indiana qualified research expenses.)

Effective: January 1, 2000 (retroactive).

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January 11, 2000, read first time and referred to Committee on Ways and Means.

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Second Regular Session 111th General Assembly (2000)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1999 General Assembly.

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HOUSE BILL No. 1338



A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-4-2 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JANUARY 1, 2000 (RETROACTIVE)]:
 3 Sec. 2. ~~(a)~~ A taxpayer who incurs Indiana qualified research expense
 4 in a particular taxable year is entitled to a research expense tax credit
 5 for the taxable year ~~(b)~~ **A taxpayer who does not have income**
 6 **apportioned to this state for a taxable year under IC 6-3-2-2 is entitled**
 7 **to a research expense tax credit for the taxable year in the amount of**
 8 **the product of:**
 9 (1) ~~five six percent (5%)~~ **(6%)**; multiplied by
 10 (2) the remainder of:
 11 **(A) the taxpayer's Indiana qualified research expenses for the**
 12 **taxable year; minus**
 13 **(A) the taxpayer's base period Indiana qualified research**
 14 **expenses, for taxable years beginning before January 1, 1990;**
 15 **or**
 16 **(B) the taxpayer's base amount, for taxable years beginning**
 17 **after December 31, 1989.**



1 (c) A taxpayer who has income apportioned to this state for a
 2 taxable year under IC 6-3-2-2 is entitled to a research expense tax
 3 credit for the taxable year in the amount of the lesser of:

4 (1) the amount determined under subsection (b); or

5 (2) five percent (5%) multiplied by the remainder of the taxpayer's
 6 total qualified research expenses for the taxable year, minus:

7 (A) the taxpayer's base period research expenses, for taxable
 8 years beginning before January 1, 1990; or

9 (B) the taxpayer's base amount, for taxable years beginning
 10 after December 31, 1989;

11 further multiplied by the percentage determined under IC 6-3-2-2
 12 for the apportionment of the taxpayer's income for the taxable
 13 year to this state.

14 SECTION 2. IC 6-3.1-4-6, AS AMENDED BY P.L.4-2000,
 15 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 16 JANUARY 1, 2000 (RETROACTIVE)]: Sec. 6. Notwithstanding the
 17 other provisions of this chapter, a taxpayer is not entitled to a credit for
 18 Indiana qualified research expense incurred after December 31, 2002.
 19 Notwithstanding Section 41 of the Internal Revenue Code, the
 20 termination date in Section 41(h) of the Internal Revenue Code does
 21 not apply to a taxpayer who is eligible for the credit under this chapter
 22 for the taxable year in which the Indiana qualified research expense is
 23 incurred.

24 SECTION 3. [EFFECTIVE JANUARY 1, 2000 (RETROACTIVE)]
 25 IC 6-3.1-4-2, as amended by this act, applies to taxable years
 26 beginning after December 31, 1999.

27 SECTION 4. An emergency is declared for this act.

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