



131st MAINE LEGISLATURE

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Legislative Document

No. 643

H.P. 420

House of Representatives, February 14, 2023

**An Act to Promote Research and Development in the State by
Increasing the Research Expense Tax Credit**

Reference to the Committee on Taxation suggested and ordered printed.

Robert B. Hunt
ROBERT B. HUNT
Clerk

Presented by Representative TERRY of Gorham.
Cosponsored by Representatives: CARMICHAEL of Greenbush, KUHN of Falmouth,
SHEEHAN of Biddeford.

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

2 **Sec. 1. 36 MRSA §5219-K, sub-§1**, as amended by PL 2007, c. 627, §91, is further
3 amended to read:

4 **1. Credit allowed.** A taxpayer is allowed a credit against the tax due under this Part
5 equal to the sum of ~~5%~~ 10% of the excess, if any, of the qualified research expenses for the
6 taxable year over the base amount and ~~7.5%~~ 15% of the basic research payments
7 determined under the Code, Section 41(e)(1)(A). The term "base amount" means 50% of
8 the average amount per year spent on qualified research expenses over the previous 3
9 taxable years by the taxpayer. As used in this section, unless the context otherwise
10 indicates, the terms "qualified research expenses," "qualified organization base period
11 amount," "basic research" and any other terms affecting the calculation of the credit have
12 the same meanings as under the Code, Section 41, but apply only to expenditures for
13 research conducted in this State. In determining the amount of the credit allowable under
14 this section, the State Tax Assessor may aggregate the activities of all corporations that are
15 members of a controlled group of corporations, as defined by the Code, Section 41(f)(1)(A)
16 and in addition may aggregate the activities of all entities, whether or not incorporated, that
17 are under common control, as defined by the Code, Section 41(f)(1)(B).

18 **Sec. 2. 36 MRSA §5219-K, sub-§3**, as amended by PL 2007, c. 627, §92, is further
19 amended to read:

20 **3. Limitation on credit allowed.** The credit allowed under this section is limited to
21 100% of a corporation's first ~~\$25,000~~ \$50,000 of tax due, as determined before the
22 allowance of any credits, plus 75% of the corporation's tax due, as determined in excess of
23 ~~\$25,000~~ \$50,000. The assessor shall adopt rules similar to those authorized under the Code,
24 Section 38(c)(5)(B) for purposes of apportioning the ~~\$25,000~~ \$50,000 among members of
25 a controlled group.

26 **SUMMARY**

27 This bill increases the research expense tax credit by increasing the amount of
28 expenditures eligible for the credit, doubling the rate by which the credit is calculated,
29 doubling the maximum amount of the credit that may be claimed and halving the base
30 amount used to determine the credit.