



132nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2025

Legislative Document

No. 926

H.P. 591

House of Representatives, March 11, 2025

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

Received by the Clerk of the House on March 5, 2025. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

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

ROBERT B. HUNT
Clerk

Presented by Representative SAYRE of Kennebunk.
Cosponsored by Senator PIERCE of Cumberland and
Representatives: CROCKETT of Portland, MALON of Biddeford, RIELLY of Westbrook,
ROBERTS of South Berwick, SARGENT of York.

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 2023, c. 360, Pt. B, §11, is
19 further 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 may adopt rules similar to those authorized under the Code,
24 Section 38(c)(6)(B).

25 **Sec. 3. 36 MRSA §5219-K, sub-§8** is enacted to read:

26 **8. Annual report.** On or before December 31st annually, beginning in 2027, the
27 assessor shall report to the Department of Economic and Community Development the
28 following information for expenditures that receive credit pursuant to this section for the
29 taxable year ending during the immediately preceding calendar year:

30 A. The absolute value of research and development expenditures in the State by
31 calendar year and research and development expenditures as a percentage of the State's
32 gross domestic product;

33 B. The dollar value of the credits claimed and the number of individuals and
34 corporations claiming the credits; and

35 C. A list of industry sectors in which credit recipients operate, the absolute value and
36 rate of growth of annual gross domestic product of those industry sectors in the State
37 and the absolute value and rate of growth of annual payroll in those industry sectors in
38 the State.

39 On or before March 1st annually, beginning in 2027, the department shall report to the joint
40 standing committees of the Legislature having jurisdiction over taxation matters and
41 economic development matters information on the credit under this section, including any
42 information reported by the assessor under this subsection.

