

By Mr. Rogers of Norwood, petition of John H. Rogers, other members of the General Court and others that provision be made for an incremental tax credit for defense related corporations converting to research and development. Taxation.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety-Five.

AN ACT PROVIDING AN INCREMENTAL TAX CREDIT FOR DEFENSE-RELATED CORPORATIONS CONVERTING FROM WARTIME TO PEACETIME RESEARCH AND DEVELOPMENT.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Section 38M of Chapter 63 of the General Laws, as amended
2 by section 6 of Chapter 176 of the Acts of 1991, is hereby
3 amended by redesignating subsection (h) as subsection (i) and by
4 inserting after subsection (g) the following new subsection:—

5 (h)(1) At the election of the taxpayer, this section may be
6 applied separately with respect to the taxpayer's qualified
7 research expenses and gross receipts attributable to the defense-
8 related activities of such taxpayer. If the taxpayer makes the elec-
9 tion under this subsection, the base amount for:—

10 (A) the taxpayer's defense-related activities shall be deter-
11 mined as if the taxpayer's other activities had been disposed of by
12 the taxpayer, and

13 (B) the taxpayer's other activities shall be determined as if the
14 taxpayer's defense-related activities had been disposed of by the
15 taxpayer.

16 (2) For the purposes of this subsection, defense-related activi-
17 ties shall mean any activity in connection with the development
18 and production pursuant to a contract, or subcontract thereof, of

19 (A) an arm, ammunition, or implement of war designated in
20 the munitions list published pursuant to section 38 of the Arms

21 Export Act, 22 U.S.C. 2778, but only to the extent that such prop-
22 erty is specifically designed, modified, or equipped for military
23 purposes, or

24 (B) equipment for the National Aeronautics and Space
25 Administration.

26 (3) This subsection shall apply to taxable years beginning after
27 December 31, 1994.