

**SENATE . . . . . No. 1239**

By Mr. Brennan, a petition (accompanied by bill, Senate, No. 1239) of John A. Brennan, Jr., and Argeo Paul Cellucci for legislation to provide for an incremental research and development tax credit. Taxation.

**The Commonwealth of Massachusetts**

In the Year One Thousand Nine Hundred and Ninety.

**AN ACT PROVIDING FOR AN INCREMENTAL RESEARCH AND DEVELOPMENT TAX CREDIT.**

*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 1. Preamble: This Act will provide an incentive for  
2 Massachusetts employers to increase job producing R & D  
3 investments in Massachusetts.

1 SECTION 2. The General Laws are hereby amended by  
2 inserting after Section 38K of Chapter 63 the following new  
3 Section, Section 38L: —

4 Section 38L. There shall be allowed as a credit against the taxes  
5 imposed in this Chapter an amount determined in accordance with  
6 Section 41 of the Internal Revenue Code, except as follows:

7 (A) The applicable percentage shall be 8 percent of the excess  
8 of the qualified research expenses for the income year over the  
9 base period research expenses and 12 percent of the basic research  
10 payments.

11 (B) "Qualified research" and "basic research" shall include only  
12 research conducted in Massachusetts.

13 (C) (1) The provisions of this Act shall apply to expenditures  
14 incurred on or after January 1, 1989.

15 (2) In the case of any taxable year which begins on or before  
16 January 1, 1989, and ends on or after December 31, 1988, any

17 amount for any base period with respect to that taxable year shall  
18 be the amount which bears the same ratio to that amount for that  
19 base period as the number of days in that taxable year before  
20 January 1, 1989, bears to the total number of days in that taxable  
21 year.