

HB 985 -- Tax Credit for Qualified Research Expenses

Sponsor: Storch

Beginning January 1, 2010, this bill authorizes a tax credit for qualified research expenses. The tax credit will be equal to 10% of qualified research expenses, up to \$500,000, or 25% of the qualified research expenses, up to \$1 million, if the expenses are incurred in a distressed community.

No more than \$10 million in tax credits may be issued in any fiscal year. At least \$6 million of these tax credits must be issued for qualified research expenses incurred in distressed communities. The bill specifies what constitutes a qualified research expense.

To claim the tax credit, a taxpayer must submit an application for a tax credit certificate to the Department of Economic Development and any fee imposed by the department. The application must be filed at the end of the calendar year in which a qualified research expense was paid or incurred. The application must include any certified documentation and information required by the department. The tax credit may be carried forward for 10 years and may be sold or transferred.

The provisions of the bill will expire December 31 six years from the effective date.