SENATE DOCKET, NO. 184 FILED ON: 1/9/2025

SENATE . . . . . No. 2080

The Commonwealth of Massachusetts

PRESENTED BY:

Bruce E. Tarr

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to the creation of a super research and development tax credit.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Bruce E. Tarr	*First Essex and Middlesex*

SENATE DOCKET, NO. 184 FILED ON: 1/9/2025

SENATE . . . . . No. 2080

By Mr. Tarr, a petition (accompanied by bill, Senate, No. 2080) of Bruce E. Tarr for legislation to create a super research and development tax credit. Revenue.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE SENATE, NO. *1935* OF 2023-2024.]

The Commonwealth of Massachusetts

In the One Hundred and Ninety-Fourth General Court
(2025-2026)

An Act relative to the creation of a super 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:

SECTION 1. Section 38 of Chapter 63 as appearing in the 2022 official edition is hereby amended by inserting at the end thereof the following new section:-

Super Research and Development Tax Credit

Section 1. A business corporation or taxpayer that qualifies for the research expense tax credit allowed under section 38M of this Chapter and 830 CMR 63.38M.1 is allowed an additional credit against the tax due under this section equal to the excess, if any, of qualified research expenses for the taxable year over the super credit base amount. For purposes of this section, "super credit base amount" means the average amount spent on qualified research expenses by the taxpayer in the 5 taxable years immediately preceding the effective date of this section, increased by 50%. For purposes of this section, "qualified research expenses" has the

same meaning as under 830 CMR 63.38M.1 but applies only to expenditures for research conducted in this State.

Section 2. The credit allowed under this section is limited to 50% of the taxpayer's tax due after the allowance of any other credits taken pursuant to this chapter.

Section 3. A business corporation or taxpayer entitled to a credit under this section for any taxable year may carry over and apply to the tax due for any one or more of the next succeeding 5 taxable years the portion, as reduced from year to year, of any unused credit, but in no event may the credit applied in any single year exceed 50% of the taxpayer's tax due after the allowance of any other credits taken pursuant to this chapter.

Section 4. The credit provided by this section may not be used to reduce the business corporation or taxpayer's tax liability under this section to less than the amount of the taxpayer's tax due in the preceding taxable year after the allowance of any credits taken pursuant to this chapter.

Section 5. In the case of corporations filing a combined return, a credit generated by an individual member corporation under the provisions of this section must first be applied against the tax due attributable to that company under this Part. A member corporation with an excess research and development credit may apply its excess credit against the tax due of another group member to the extent that that other member corporation can use additional credits under the limitations of subsection 4. Unused, unexpired credits generated by a member corporation may be carried over from year to year by the individual corporation that generated the credit, subject to the limitation in subsection 3.