

HB 690 -- TAX CREDITS

SPONSOR: Mayhew

Currently, no tax credits for qualified research expenses, as defined in the bill, can be approved, awarded, or issued.

Beginning January 1, 2022, the Director of the Department of Economic Development may authorize a taxpayer a tax credit of up to 10% of the excess of a taxpayer's qualified research expenses or 17% if the research expenses relate to research that is conducted in conjunction with a public or private college or university located in this state, as certified by the Director of the Department of Economic Development, within this state during the tax year over the average of the taxpayer's qualified research expenses within this state over the immediately preceding three tax years. However, no tax credit will be allowed on that portion of the taxpayer's qualified research expenses incurred within this state during the tax year in which the credit is being claimed, to the extent such expenses exceed 200% of the taxpayer's average qualified research expenses incurred during the immediately preceding three tax years.

For tax credits that exceed the taxpayer's tax liability, the difference between the credit and the tax liability may be carried forward for 12 years.

The Department Director may allow a taxpayer to transfer, sell or assign up to 40% of the tax credits issued, but not yet claimed, during any tax year commencing on or after January 1, 2021.

The annual aggregate cap on the amount of these tax credits that can be authorized by the Department of Economic Development is \$10 million.

This bill is similar to HB 2651 (2020).