

**AMENDMENT TO H.R. 880, AS REPORTED  
OFFERED BY MS. EDWARDS OF MARYLAND**

At the end of the bill, add the following:

1 **SEC. 3. INCREASE IN RESEARCH CREDIT FOR CONTRACTED**  
2 **RESEARCH WITH UNITED STATES BUSI-**  
3 **NESSES.**

4 (a) IN GENERAL.—Section 41 of the Internal Rev-  
5 enue Code of 1986, as amended by section 2 of this Act,  
6 is amended by inserting after subsection (g) the following  
7 new subsection:

8 “(h) SPECIAL RULE FOR CONTRACTED RESEARCH  
9 WITH UNITED STATES MANUFACTURING BUSINESS.—

10 “(1) IN GENERAL.—If the taxpayer elects the  
11 application of this subsection, subsection (a)(1) shall  
12 be applied by substituting ‘25 percent’ for ‘20 per-  
13 cent’ with respect to qualified United States re-  
14 search expenses.

15 “(2) QUALIFIED UNITED STATES RESEARCH  
16 EXPENSES.—For purposes of this subsection, the  
17 term ‘qualified United States research expenses’  
18 means any amount paid or incurred by the taxpayer  
19 to any person (other than an employee of the tax-

1 payer) for qualified research, substantially all of  
2 which occurs in the United States.

3 “(3) SEPARATE APPLICATION OF SECTION.—In  
4 the case of any election of the application of this  
5 subsection, this section shall be applied separately  
6 with respect to qualified United States research ex-  
7 penses.”.

8 (b) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to amounts paid or incurred for  
10 taxable years beginning after the date of the enactment  
11 of this Act.

12 **SEC. 4. INCREASE IN DOMESTIC PRODUCTION ACTIVITIES**  
13 **DEDUCTION FOR MANUFACTURED PROP-**  
14 **ERTY RESEARCHED AND DEVELOPED IN**  
15 **UNITED STATES.**

16 (a) IN GENERAL.—Section 199(d) of the Internal  
17 Revenue Code of 1986 is amended by redesignating para-  
18 graph (10) as paragraph (11) and by inserting after para-  
19 graph (9) the following new paragraph:

20 “(10) SPECIAL RULE FOR CERTAIN MANUFAC-  
21 TURING.—

22 “(A) IN GENERAL.—In the case of quali-  
23 fied production activities income attributable to  
24 the manufacture or production of qualifying  
25 production property substantially all of the re-

1 search and development of which occurred in  
2 the United States, subsection (a) shall be ap-  
3 plied by substituting ‘15 percent’ for ‘9 per-  
4 cent’.

5 “(B) SPECIAL RULE WHEN TAXABLE IN-  
6 COME USED TO DETERMINE DEDUCTION.—In  
7 the case of any taxable year for which the tax-  
8 payer’s qualified production activities income  
9 exceeds the taxpayer’s taxable income (deter-  
10 mined without regard to this section), the  
11 amount of taxable income to which the 15 per-  
12 cent amount in subparagraph (A) applies under  
13 subsection (a)(1) shall be an amount equal to  
14 the amount which bears the same ratio to such  
15 taxable income (as so determined) as—

16 “(i) the amount of qualified produc-  
17 tion activities income of the taxpayer for  
18 the taxable year which is attributable to  
19 the manufacture or production of quali-  
20 fying production property substantially all  
21 of the research and development with re-  
22 spect to which occurred in the United  
23 States, bears to

1                   “(ii) all qualified production activities  
2                   income of the taxpayer for the taxable  
3                   year.

4                   “(C) TERMINATION.—This paragraph shall  
5                   not apply to taxable years beginning after De-  
6                   cember 31, 2024.”.

7                   (b) EFFECTIVE DATE.—The amendments made by  
8                   this section shall apply to taxable years beginning after  
9                   the date of the enactment of this Act.

