



H.R. 880—American Research and Competitiveness Act of 2015 (Brady, R-TX)

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FLOOR SCHEDULE: [H.R. 880](#) IS EXPECTED TO BE CONSIDERED ON THE HOUSE FLOOR ON MAY 20, 2015, UNDER A [CLOSED RULE](#). THE RULE SELF-EXECUTES AN AMENDMENT TO EXCLUDE THE BUDGETARY EFFECTS OF THE BILL FROM BEING ENTERED ONTO THE STATUTORY PAY-AS-YOU-GO SCORECARD.

THE RULE ALSO PROVIDES A STRUCTURED RULE FOR CONSIDERATION OF H.R. 2262, THE SPACE ACT OF 2015. THE RULE FURTHER PROVIDES SUSPENSION AUTHORITY FOR THURSDAY, MAY 21, 2015, AND FOR PRO-FORMA SESSIONS DURING THE DISTRICT WORK PERIOD THE WEEK OF MAY 22, 2015.

TOPLINE SUMMARY: The bill would make permanent and expand the [research and development \(R&D\) tax credit](#).

CONSERVATIVE CONCERNS: There are no substantive conservative concerns.

- **Expand the Size and Scope of the Federal Government?** No.
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** No.
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No, according to the [committee report](#).

DETAILED SUMMARY AND ANALYSIS: H.R. 880 would make the alternative simplified research credit permanent and increase the rate from 14 percent to 20 percent. A taxpayer would be allowed to receive a 20-percent credit for qualified research expenses that exceed 50 percent of the average qualified research expenses from the three previous years. In addition, the taxpayer would be allowed to receive a credit of 20 percent of the basic research payments for the tax year that exceeds 50 of the average basic research expenses for the previous three years.

On May 9, 2014, the House passed similar legislation ([H.R. 4438, the American Research and Competitiveness Act of 2014](#)), by a [274 – 131](#) vote.

COST: The Joint Committee on Taxation (JCT) [estimates](#) that enacting H.R. 880 would reduce revenues by \$182 billion over the 2015-2025 period compared to the CBO baseline.

CBO's baseline assumes the expiration of temporary tax provisions, including the R&D credit, despite the fact it has been a part of the tax (extended on a temporary basis 16 times) code since 1981.

In addition, H.R. 880 includes a provision to waive statutory pay-as-you-go requirements.

On December 3, 2014, the House passed [H.R. 5771, the Tax Increase Prevention Act](#), by a [378 – 46](#) vote. H.R. 5771 was subsequently signed into law. This “tax extenders” bill temporarily extended a number of expired tax provisions, including the R&D tax credit.

COMMITTEE ACTION: H.R. 880 was introduced on February 11, 2015, and referred to the House Ways and Means Committee. On February 12, 2015, Committee [marked up and reported](#) the bill by a 23 – 12 vote. The committee report can be found [here](#).

OUTSIDE GROUPS IN SUPPORT:

Key Vote:

- [U.S. Chamber of Commerce](#)
- **National Association of Manufacturers**

Groups in Support:

- [Financial Executives International \(FEI\)](#)
- **R & D Credit Coalition:** A list of member companies can be viewed [here](#).
- [Semiconductor Industry Association](#)
- [Small Business & Entrepreneurship Council](#)

ADMINISTRATION POSITION: According to the [statement of administration policy](#), “if the President were presented with H.R. 880, his senior advisors would recommend that he veto the bill.”

CONSTITUTIONAL AUTHORITY: “Congress has the power to enact this legislation pursuant to the following: Article I Section 8 of the United States Constitution, which gives Congress the “power to lay and collect taxes, duties, imposts and excises . . .”

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