

STARTUP INNOVATION CREDIT (S. 193)

Sens. Coons (D-DE), Enzi (R-WY), Schumer (D-NY), Rubio (R-FL), Blunt (R-MO), Stabenow (D-MI), Moran (R-KS), Kaine (D-VA)

HR 6319 (112th) – Reps. Gerlach (R-PA), Lofgren (D-CA)

Now: Reps. Gerlach (R-PA), Kind (D-WI)

BACKGROUND

- Research and development is the cornerstone of any competitive company, institution, or country. The R&D Credit is essential for our innovators, but it does not help startups.
- Per the Government Accountability Office (GAO), over half of the credit goes to firms with \$1 billion or more in receipts. Per the Congressional Research Service (CRS), numerous commercially successful technological innovations originated in small, fledgling firms that could not access the R&D Credit.
- The R&D Credit can only be used against income taxes that a company pays. But, if a company is in a startup phase, it may not have taxable profits. Yet, it still pays taxes on employee wages.
- This is a jobs credit. According to some studies, between 1980 and 2005, all net new jobs created in the US were created by firms five years old or less. This credit is specifically designed for those firms.
- The credit helps support private sector investments and decisions. It does not pick winners and losers.
- Cash in the pocket of small companies can make a real difference, especially with credit so tight right now.
- Credits like this have been done before in Iowa, Arizona, New York, Connecticut, and Pennsylvania. These credits have been game changers and have helped open their doors and keep their doors open.

HOW THE CREDIT WORKS

If a startup company cannot claim the R&D credit because it does not have an income tax liability, it can claim the R&D credit against taxes it pays on employee wages. The benefit is capped at \$250,000 per year.

SUPPORTIVE ORGANIZATIONS

- American Small Manufacturers Coalition (ASMC)
- AMT - The Association for Manufacturing Technology
- Arizona Technology Council
- The ASCII Group, Inc.
- The Austin Chamber of Commerce
- BIO
- Chesapeake Regional Tech Council
- Colorado Technology Association
- Connecticut Technology Council
- CompTIA
- Council of Smaller Enterprises
- Delaware BIO
- Delaware Chamber of Commerce
- The Information Technology and Innovation Foundation (ITIF)
- Illinois Technology Association
- Mass Technology Leadership Council
- Minnesota High Tech Association
- New Castle County Chamber of Commerce
- New Jersey Technology Council
- New York Technology Council
- NH High Tech Council
- North Carolina Technology Council
- OC Tech Alliance
- Revolution / Steve Case
- Sacramento Metro Chamber of Commerce
- Silicon Valley Bank
- Silicon Valley Leadership Group (SVLG)
- Tampa Bay Technology Forum
- Technology Association of Georgia

- Technology Association of Oregon
- Technology Council of North America
- Telecommunications Industry Association (TIA)
- Third Way
- Washington Technology Industry Association

SUPPORTIVE COMPANIES

- AMCS-USA, New Baunfels, TX
- ChannelEyes – East Green Bush, NY
- Clear Sight Consulting – Brooklyn, NY
- Convoke, Inc. – Arlington, VA
- CD Diagnostics – Wynnewood, PA
- DeNovix – Wilmington, DE
- Evozym Biologics – Lewes, DE
- IT Parts Global – Ft. Lauderdale, FL
- Jenaly Technology Group, Inc. – Portsmouth, NH
- MailerMailer – Rockville, MD
- Marcomp Computer Services, Inc. – Oldsmar, FL
- Modern Tech Squad - Boniflay, FL
- Network Box USA – Clifton Park, NY
- Neuracon Biotech – Newark, DE
- Office Document Consulting Inc. – Oakville, Ontario
- Secure Designs, Inc. – Greensboro, NC
- Semel Consulting LLC – Las Vegas, NV
- The ICN Group – Newport Beach, CA