



CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE

February 19, 2015

**H.R. 880**

**American Research and Competitiveness Act of 2015**

*As ordered reported by the House Committee on Ways and Means on February 12, 2015*

H.R. 880 would amend the Internal Revenue Code to make permanent a modified version of the tax credit for qualified research expenses that expired at the end of 2014. The bill would not extend the traditional calculation method and its associated 20 percent credit. It would, however, make permanent the “alternative simplified method” for calculating the tax credit for qualified research expenses and generally increase the associated credit to 20 percent of those expenses that exceed 50 percent of the average qualified research expenses for the three preceding taxable years. Among other changes, the bill also would make permanent a tax credit for basic research and energy research and would change the base period for the basic research credit from a fixed period to a three-year rolling average.

The staff of the Joint Committee on Taxation (JCT) estimates that enacting H.R. 880 would reduce revenues, thus increasing federal deficits, by about \$182 billion over the 2015-2025 period.

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending and revenues. Enacting H.R. 880 would result in revenue losses in each year beginning in 2015. The estimated increases in the deficit are shown in the following table.

JCT has determined that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Logan Timmerhoff. The estimate was approved by David Weiner, Assistant Director for Tax Analysis.

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**CBO Estimate of Pay-As-You-Go Effects for H.R. 880, as ordered reported by the House Committee on Ways and Means on February 12, 2015**

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	By Fiscal Year, in Millions of Dollars												
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2015- 2020	2015- 2025
<b>NET INCREASE IN THE DEFICIT</b>													
Statutory Pay-As-You-Go Impact	4,716	8,768	11,042	13,212	15,270	17,229	19,085	20,824	22,577	23,894	24,989	70,237	181,609

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Source: Staff of the Joint Committee on Taxation.

Note: Components may not sum to totals because of rounding.

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