

116TH CONGRESS
1ST SESSION

H. R. 942

To amend the Internal Revenue Code of 1986 to provide an enhanced research credit for the development of smart gun technologies.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 31, 2019

Mr. HIMES (for himself, Ms. KUSTER of New Hampshire, Ms. HILL of California, Ms. CLARKE of New York, Mr. DEUTCH, Mr. PERLMUTTER, Mr. SOTO, and Mrs. MURPHY) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide an enhanced research credit for the development of smart gun technologies.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Start Advancing Fire-
5 arms Enhancements and Technology Act of 2018” or the
6 “SAFETY Act”.

1 **SEC. 2. ENHANCED RESEARCH CREDIT FOR DEVELOPMENT**
2 **OF SMART GUN TECHNOLOGIES.**

3 (a) IN GENERAL.—Subpart D of part IV of sub-
4 chapter A of chapter 1 of the Internal Revenue Code of
5 1986 is amended by inserting after section 45S the fol-
6 lowing new section:

7 **“SEC. 45T. RESEARCH EXPENSES FOR SMART GUN TECH-**
8 **NOLOGIES.**

9 “(a) GENERAL RULE.—For purposes of section 38,
10 in the case of a taxpayer who is a Federal firearms li-
11 censee, the smart gun technology credit determined under
12 this section for the taxable year is an amount equal to
13 30 percent of the excess of—

14 “(1) the smart gun technology expenses for the
15 taxable year, over

16 “(2) the base amount.

17 “(b) SMART GUN TECHNOLOGY EXPENSES; BASE
18 AMOUNT.—For purposes of this section—

19 “(1) SMART GUN TECHNOLOGY EXPENSES.—

20 “(A) IN GENERAL.—Except as otherwise
21 provided in this paragraph, the term ‘smart gun
22 technology expenses’ means the amounts which
23 are paid or incurred by the taxpayer during the
24 taxable year which would be described in sec-
25 tion 41(b) if such section were applied with the
26 modifications set forth in subparagraph (B).

1 “(B) MODIFICATIONS.—For purposes of
2 subparagraph (A), section 41(b) shall be ap-
3 plied—

4 “(i) by substituting ‘smart gun tech-
5 nology research’ for ‘qualified research’
6 each place it appears in paragraphs (2)
7 and (3) of such subsection, and

8 “(ii) by substituting ‘100 percent’ for
9 ‘65 percent’ in paragraph (3)(A) of such
10 subsection.

11 “(C) EXCLUSION FOR AMOUNTS FUNDED
12 BY GRANTS, ETC.—The term ‘smart gun tech-
13 nology expenses’ shall not include any amount
14 to the extent such amount is funded by any
15 grant, contract, or otherwise by another person
16 (or any governmental entity).

17 “(2) BASE AMOUNT.—

18 “(A) IN GENERAL.—Except as provided in
19 subparagraph (B), the term ‘base amount’
20 means the amount which would be the base
21 amount in section 41(c) if such section were ap-
22 plied by substituting ‘smart gun technology re-
23 search’ for ‘qualified research’ each place it ap-
24 pears.

1 “(B) BASE AMOUNT IS ZERO FOR 3
2 YEARS.—The base amount shall be zero for
3 purposes of determining the amount of credit
4 for taxable years beginning in 2019, 2020, or
5 2021.

6 “(c) SMART GUN TECHNOLOGY RESEARCH.—For
7 purposes of this section—

8 “(1) IN GENERAL.—The term ‘smart gun tech-
9 nology research’ means qualified research (as de-
10 fined in section 41(d)) for the purpose of developing
11 smart gun technologies for firearms.

12 “(2) SMART GUN TECHNOLOGY.—The term
13 ‘smart gun technology’ means any technology (other
14 than a simple mechanical lock) which is designed—

15 “(A) to prevent a firearm from being fired
16 by any individual other than an authorized user
17 of the firearm, and

18 “(B) to convert the firearm from the inop-
19 erable condition to the operable condition in
20 less than 2 seconds after the authorized user
21 makes contact with the firearm, the firearm’s
22 arming device, or an external safe or locking
23 device.

24 “(3) AUTHORIZED USER.—For purposes of this
25 subsection, the term ‘authorized user’ means, with

1 respect to a firearm, the owner of the firearm and
2 any individual lawfully authorized by such owner to
3 operate the firearm.

4 “(4) SIMPLE MECHANICAL LOCK.—For pur-
5 poses of this subsection, the term ‘simple mechanical
6 lock’ means a lock that uses a key or a conventional
7 combination lock. Such term does not include an ad-
8 vanced lock that incorporates electronics or biomet-
9 ric sensors, or a lock with other features to enable
10 faster opening from any orientation with low visi-
11 bility.

12 “(d) FEDERAL FIREARMS LICENSEE.—For purposes
13 of this section, the term ‘Federal firearms licensee’ means
14 any person holding a license under chapter 44 of title 18,
15 United States Code, other than a licensed collector.

16 “(e) COORDINATION WITH CREDIT FOR INCREASING
17 RESEARCH EXPENDITURES.—

18 “(1) IN GENERAL.—Except as provided in para-
19 graph (2), any smart gun technology expenses for a
20 taxable year to which an election under this section
21 applies shall not be taken into account for purposes
22 of determining the credit allowable under section 41
23 for such taxable year.

24 “(2) EXPENSES INCLUDED IN DETERMINING
25 BASE PERIOD RESEARCH EXPENSES.—Smart gun

1 technology expenses for any taxable year shall be
2 taken into account in determining base period re-
3 search expenses for purposes of applying section 41
4 to subsequent taxable years.

5 “(f) SPECIAL RULES.—

6 “(1) CERTAIN RULES MADE APPLICABLE.—
7 Rules similar to the rules of paragraphs (1) and (2)
8 of section 41(f) shall apply for purposes of this sec-
9 tion.

10 “(2) ELECTION.—This section shall apply to
11 any taxpayer for any taxable year only if such tax-
12 payer elects (at such time and in such manner as
13 the Secretary may by regulations prescribe) to have
14 this section apply for such taxable year.

15 “(g) TREATMENT OF CREDIT FOR QUALIFIED SMALL
16 BUSINESSES.—

17 “(1) IN GENERAL.—Under rules similar to the
18 rules of section 41(h), section 3111(f) shall apply to
19 the payroll tax credit portion of the credit otherwise
20 determined under subsection (a) for the taxable year
21 and such portion shall not be treated (other than for
22 purposes of section 280C) as a credit determined
23 under subsection (a).

24 “(2) FEDERAL FIREARMS LICENSEE EXCEP-
25 TION.—For purposes of this subsection, the payroll

1 tax credit portion of the credit otherwise determined
2 under subsection (a) shall be determined without re-
3 gard to whether the taxpayer is a Federal firearms
4 licensee.”.

5 (b) DENIAL OF DOUBLE BENEFIT.—Section 280C of
6 such Code is amended by adding at the end the following
7 new subsection:

8 “(i) CREDIT FOR SMART GUN TECHNOLOGY EX-
9 PENSES.—

10 “(1) IN GENERAL.—No deduction shall be al-
11 lowed for that portion of the smart gun technology
12 expenses (as defined in section 45T(b)) otherwise al-
13 lowable as a deduction for the taxable year which is
14 equal to the amount of the credit allowable for the
15 taxable year under section 45T (determined without
16 regard to section 38(c) thereof).

17 “(2) SIMILAR RULE WHERE TAXPAYER CAP-
18 ITALIZES RATHER THAN DEDUCTS EXPENSES.—If—

19 “(A) the amount of the credit allowable for
20 the taxable year under section 45T (determined
21 without regard to section 38(c)), exceeds

22 “(B) the amount allowable as a deduction
23 for the taxable year for smart gun technology
24 expenses (determined without regard to para-
25 graph (1)),

1 the amount chargeable to capital account for the
2 taxable year for such expenses shall be reduced by
3 the amount of such excess.

4 “(3) CONTROLLED GROUPS.—In the case of a
5 corporation which is a member of a controlled group
6 of corporations (within the meaning of section
7 41(f)(5)) or a trade or business which is treated as
8 being under common control with other trades or
9 business (within the meaning of section
10 41(f)(1)(B)), this subsection shall be applied under
11 rules prescribed by the Secretary similar to the rules
12 applicable under subparagraphs (A) and (B) of sec-
13 tion 41(f)(1).”.

14 (c) CREDIT MADE PART OF GENERAL BUSINESS
15 CREDIT.—

16 (1) IN GENERAL.—Section 38(b) of such Code
17 is amended by striking “plus” at the end of para-
18 graph (31), by striking the period at the end of
19 paragraph (32) and inserting “, plus”, and by add-
20 ing at the end thereof the following new paragraph:

21 “(33) in the case of a taxpayer who is a Fed-
22 eral firearms licensee (as defined in section 45T(d)),
23 the smart gun technology credit determined under
24 section 45T(a).”.

1 arm as is attributable to any smart gun technology (as
2 defined in section 45T(c)(2)) of such firearm.”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 this section shall take effect on January 1, 2020.

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