

116TH CONGRESS  
1ST SESSION

# S. 1884

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

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IN THE SENATE OF THE UNITED STATES

JUNE 18, 2019

Mr. MURPHY (for himself and Mr. BLUMENTHAL) introduced the following bill; which was read twice and referred to the Committee on Finance

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## 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 2019” or the  
6 “SAFETY Act”.

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

9 (a) IN GENERAL.—Subpart D of part IV of sub-  
10 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by inserting after section 45S the fol-  
 2 lowing new section:

3 **“SEC. 45T. RESEARCH EXPENSES FOR SMART GUN TECH-**  
 4 **NOLOGIES.**

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

10 “(1) the smart gun technology expenses for the  
 11 taxable year, over

12 “(2) the base amount.

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

15 “(1) SMART GUN TECHNOLOGY EXPENSES.—

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

23 “(B) MODIFICATIONS.—For purposes of  
 24 subparagraph (A), section 41(b) shall be ap-  
 25 plied—

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

5           “(ii) by substituting ‘100 percent’ for  
6           ‘65 percent’ in paragraph (3)(A) of such  
7           subsection.

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

14          “(2) BASE AMOUNT.—

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

22                 “(B) BASE AMOUNT IS ZERO FOR 3  
23                 YEARS.—The base amount shall be zero for  
24                 purposes of determining the amount of credit

1           for taxable years beginning in 2020, 2021, or  
2           2022.

3           “(c) SMART GUN TECHNOLOGY RESEARCH.—For  
4 purposes of this section—

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

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

12           “(A) to prevent a firearm from being fired  
13 by any individual other than an authorized user  
14 of the firearm, and

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

21           “(3) AUTHORIZED USER.—For purposes of this  
22 subsection, the term ‘authorized user’ means, with  
23 respect to a firearm, the owner of the firearm and  
24 any individual lawfully authorized by such owner to  
25 operate the firearm.

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

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

13          “(e) COORDINATION WITH CREDIT FOR INCREASING  
14          RESEARCH EXPENDITURES.—

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

21                 “(2) EXPENSES INCLUDED IN DETERMINING  
22                 BASE PERIOD RESEARCH EXPENSES.—Smart gun  
23                 technology expenses for any taxable year shall be  
24                 taken into account in determining base period re-

1 search expenses for purposes of applying section 41  
2 to subsequent taxable years.

3 “(f) SPECIAL RULES.—

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

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

13 “(g) TREATMENT OF CREDIT FOR QUALIFIED SMALL  
14 BUSINESSES.—

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

22 “(2) FEDERAL FIREARMS LICENSEE EXCEP-  
23 TION.—For purposes of this subsection, the payroll  
24 tax credit portion of the credit otherwise determined  
25 under subsection (a) shall be determined without re-

1       gard to whether the taxpayer is a Federal firearms  
2       licensee.”.

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

6       “(i) CREDIT FOR SMART GUN TECHNOLOGY EX-  
7       PENSES.—

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

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

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

20                      “(B) the amount allowable as a deduction  
21       for the taxable year for smart gun technology  
22       expenses (determined without regard to para-  
23       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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