

105TH CONGRESS
2D SESSION

H. R. 3857

To amend the Internal Revenue Code of 1986 to allow the research credit for expenses attributable to certain collaborative research consortia.

IN THE HOUSE OF REPRESENTATIVES

MAY 13, 1998

Mr. HOUGHTON (for himself, Mr. LEVIN, Mr. WELLER, Mr. ENGLISH of Pennsylvania, Mr. RAMSTAD, Mr. CAMP, Mr. METCALF, Mr. TRAFICANT, Mr. FROST, Ms. STABENOW, Ms. LOFGREN, Mr. McDERMOTT, and Mr. KLECZKA) 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 allow the research credit for expenses attributable to certain collaborative research consortia.

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. RESEARCH CREDIT FOR EXPENSES ATTRIB-**
4 **UTABLE TO CERTAIN COLLABORATIVE RE-**
5 **SEARCH CONSORTIA.**

6 (a) CREDIT FOR EXPENSES ATTRIBUTABLE TO CER-
7 TAIN COLLABORATIVE RESEARCH CONSORTIA.—Sub-
8 section (a) of section 41 of the Internal Revenue Code of

1 1986 (relating to credit for increasing research activities)
2 is amended by striking “and” at the end of paragraph (1),
3 by striking the period at the end of paragraph (2) and
4 inserting “, and”, and by adding at the end the following
5 new paragraph:

6 “(3) 20 percent of the amounts paid or in-
7 curred during the taxable year (including as con-
8 tributions) to a qualified research consortium.”

9 (b) QUALIFIED RESEARCH CONSORTIUM DE-
10 FINED.—Subsection (f) of section 41 of such Code is
11 amended by adding at the end the following new para-
12 graph:

13 “(6) QUALIFIED RESEARCH CONSORTIUM.—The
14 term ‘qualified research consortium’ means any or-
15 ganization which—

16 “(A) is described in section 501(c)(3) or
17 501(c)(6) and is exempt from tax under section
18 501(a),

19 “(B) is organized and operated primarily
20 to conduct scientific research,

21 “(C) is not a private foundation,

22 “(D) to which at least 15 unrelated per-
23 sons paid or incurred (including as contribu-
24 tions), during the calendar year in which the
25 taxable year of the organization begins,

1 amounts to such organization for scientific re-
 2 search,

3 “(E) to which no 3 unrelated persons paid
 4 or incurred (including as contributions) during
 5 such calendar year more than 50 percent of the
 6 total amounts received by such organization
 7 during such calendar year for scientific re-
 8 search, and

9 “(F) to which no single person paid or in-
 10 curred (including as contributions) more than
 11 25 percent of such total amounts.

12 All persons treated as a single employer under sub-
 13 section (a) or (b) of section 52 shall be treated as
 14 related persons for purposes of subparagraphs (D)
 15 and (E), and as a single person for purposes of sub-
 16 paragraph (F).”

17 (c) REPEAL OF CONTRACT RESEARCH EXPENSE
 18 LIMITATION APPLICABLE TO QUALIFIED RESEARCH CON-
 19 SORTIA.—Paragraph (3) of section 41(b) of such Code is
 20 amended by striking subparagraph (C).

21 (d) EFFECTIVE DATE.—The amendments made by
 22 this section shall apply to taxable years beginning after
 23 December 31, 1997.

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