

106TH CONGRESS
1ST SESSION

H. R. 1328

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

MARCH 25, 1999

Mr. HOUGHTON (for himself, Mr. LEVIN, Ms. SLAUGHTER, Mr. CLYBURN, Mr. BOEHLERT, Mr. WELLER, Mr. SKEEN, Mr. INSLEE, Mr. FOLEY, Mrs. THURMAN, Mr. SHOWS, Ms. KILPATRICK, Mr. DOOLITTLE, Ms. LOFGREN, Mr. DIAZ-BALART, Mr. WELDON of Pennsylvania, Mr. McDERMOTT, Mr. DOOLEY of California, Mr. CRANE, Mr. WATKINS, Mr. CAMP, Mr. METCALF, Mr. ENGLISH, 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. SHORT TITLE.**

4 This Act may be cited as the “Public Benefit Collabo-
5 rative Research Tax Credit Act of 1999”.

1 **SEC. 2. RESEARCH CREDIT FOR EXPENSES ATTRIBUTABLE**
 2 **TO CERTAIN COLLABORATIVE RESEARCH**
 3 **CONSORTIA.**

4 (a) CREDIT FOR EXPENSES ATTRIBUTABLE TO CER-
 5 TAIN COLLABORATIVE RESEARCH CONSORTIA.—Sub-
 6 section (a) of section 41 of the Internal Revenue Code of
 7 1986 (relating to credit for increasing research activities)
 8 is amended by striking “and” at the end of paragraph (1),
 9 by striking the period at the end of paragraph (2) and
 10 inserting “, and”, and by adding at the end the following
 11 new paragraph:

12 “(3) 20 percent of the amounts paid or in-
 13 curred during the taxable year (including as con-
 14 tributions) to a qualified research consortium.”

15 (b) QUALIFIED RESEARCH CONSORTIUM DE-
 16 FINED.—Subsection (f) of section 41 of such Code is
 17 amended by adding at the end the following new para-
 18 graph:

19 “(6) QUALIFIED RESEARCH CONSORTIUM.—The
 20 term ‘qualified research consortium’ means any or-
 21 ganization which—

22 “(A) is described in section 501(c)(3) and
 23 is exempt from tax under section 501(a),

24 “(B) is organized and operated primarily
 25 to conduct scientific research,

26 “(C) is not a private foundation,

1 “(D) to which at least 15 unrelated per-
 2 sons paid or incurred (including as contribu-
 3 tions), during the calendar year in which the
 4 taxable year of the organization begins,
 5 amounts to such organization for scientific re-
 6 search,

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

13 “(F) to which no single person paid or in-
 14 curred (including as contributions) more than
 15 25 percent of such total amounts.

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

21 (c) REPEAL OF CONTRACT RESEARCH EXPENSE
 22 LIMITATION APPLICABLE TO QUALIFIED RESEARCH CON-
 23 SORTIA.—Paragraph (3) of section 41(b) of such Code is
 24 amended by striking subparagraph (C).

25 (d) CONFORMING AMENDMENTS.—

1 (1) Paragraph (1) of section 280C(c) of such
2 Code is amended by striking “qualified research ex-
3 penses (as defined in section 41(b)) or basic re-
4 search expenses (as defined in section 41(e)(2))”
5 and inserting “qualified research expenses (as de-
6 fined in section 41(b)), basic research expenses (as
7 defined in section 41(e)(2)), or amounts paid or in-
8 curred during the taxable year (including as con-
9 tributions) to a qualified research consortium (as de-
10 fined in section 41(f)(6))”.

11 (2) Subparagraph (B) of section 280C(c)(2) of
12 such Code is amended by striking “qualified re-
13 search expenses or basic research expenses” and in-
14 serting “qualified research expenses, basic research
15 expenses, or amounts paid or incurred during the
16 taxable year (including as contributions) to a quali-
17 fied research consortium”.

18 (e) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 1999.

○