

114TH CONGRESS
1ST SESSION

H. R. 1819

To amend the Internal Revenue Code of 1986 to provide an exception for certain public-private research arrangements from the business use test for purposes of determining private activity bonds.

IN THE HOUSE OF REPRESENTATIVES

APRIL 15, 2015

Mr. LIPINSKI 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 exception for certain public-private research arrangements from the business use test for purposes of determining private activity bonds.

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. EXCEPTION TO BUSINESS USE TEST FOR CER-**
4 **TAIN PUBLIC-PRIVATE RESEARCH ARRANGE-**
5 **MENTS.**

6 (a) IN GENERAL.—Section 141(b) of the Internal
7 Revenue Code of 1986 is amended by adding at the end
8 the following new paragraph:

1 “(10) EXCEPTION FOR CERTAIN RESEARCH AR-
2 RANGEMENTS.—

3 “(A) IN GENERAL.—Paragraph (1) shall
4 not apply to an issue if the proceeds of such
5 issue are to be used under an arrangement re-
6 lating to basic research at a facility—

7 “(i) owned by a governmental unit or
8 a 501(c)(3) organization, and

9 “(ii) the governmental unit or a
10 501(c)(3) organization enters into a bona
11 fide, arm’s-length contractual arrangement
12 with a person other than a governmental
13 unit or a 501(c)(3) organization regarding
14 the terms for sharing the economic benefits
15 of any products resulting from basic re-
16 search, including arrangements in which
17 those economic terms (such as exclusive or
18 non-exclusive licenses of intellectual prop-
19 erty and licensing fees or royalty rates) are
20 determined in advance at the time the par-
21 ties enter into the contractual arrange-
22 ment.

23 “(B) BASIC RESEARCH.—For purposes of
24 subparagraph (A), the term ‘basic research’
25 means any original investigation for the ad-

1 vancement of scientific knowledge not having a
2 specific commercial objective.”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 subsection (a) shall apply to research agreements entered
5 into after the date of the enactment of this Act.

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