



## 2015 ASSEMBLY BILL 757

January 20, 2016 – Introduced by Representatives NEYLON, BALLWEG, KITCHENS, E. BROOKS and PETRYK, cosponsored by Senator DARLING. Referred to Committee on Jobs and the Economy.

1     **AN ACT to renumber** 71.07 (4k) (e), 71.28 (4) (g) and 71.47 (4) (g); and **to create**  
2             71.07 (4k) (a) 1m., 71.07 (4k) (b) 7., 71.07 (4k) (e) 2., 71.28 (4) (ab) 1m., 71.28 (4)  
3             (ad) 7., 71.28 (4) (g) 2., 71.47 (4) (ab) 1m., 71.47 (4) (ad) 7. and 71.47 (4) (g) 2.  
4             of the statutes; **relating to:** an industry cluster research and development tax  
5             credit.

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### *Analysis by the Legislative Reference Bureau*

This bill creates an income and franchise tax credit equal to 25 percent of a taxpayer's qualified research expenses for research conducted in this state, if the research is approved by an industry cluster partnership. An industry cluster partnership is, generally, a nonprofit organization that primarily assists in developing and supporting a regional concentration of private sector businesses that share a common interest in fostering industry-specific research and development.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

6             **SECTION 1.** 71.07 (4k) (a) 1m. of the statutes is created to read:

**ASSEMBLY BILL 757****SECTION 1**

1           71.07 (4k) (a) 1m. “Industry cluster partnership” means a nonprofit  
2 organization that satisfies all of the following conditions:

3           a. Its primary purpose is to assist in developing and supporting a regional  
4 concentration of private sector businesses in this state that share a common interest  
5 in fostering industry-specific research and development, worker skills training, and  
6 market development.

7           b. It collaborates with institutions of higher education, including technical  
8 colleges, in this state for the purpose of transferring to the private sector, and  
9 commercializing, technology related to specific industries and developed at those  
10 institutions.

11           c. It is governed by a board of directors with members from the public and  
12 private sectors who represent the industries and interests necessary to ensure a  
13 collaborative, strategic approach to supporting economic development, job growth,  
14 and the development of marketable products and services in a specific industry.

15           d. It is a participant in the national science foundation’s industry and  
16 university cooperative research center program.

17           **SECTION 2.** 71.07 (4k) (b) 7. of the statutes is created to read:

18           71.07 (4k) (b) 7. For taxable years beginning after December 31, 2015, an  
19 individual, a partner of a partnership, a shareholder of a tax-option corporation, or  
20 a member of a limited liability company may claim a credit against the tax imposed  
21 under s. 71.02 or 71.08, as allocated under par. (d), an amount equal to 25 percent  
22 of the individual’s, partnership’s, tax-option corporation’s, or limited liability  
23 company’s qualified research expenses, as defined in section 41 of the Internal  
24 Revenue Code, incurred for research conducted in this state for the taxable year, if  
25 the research is approved by an industry cluster partnership. For purposes of

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1 determining the amount of a person's qualified research expenses under this  
2 subdivision, the person may elect the alternative computation under section 41 (c)  
3 (4) of the Internal Revenue Code and that election applies until the department  
4 permits its revocation. Section 41 (h) of the Internal Revenue Code does not apply  
5 to the credit under this subdivision.

6 **SECTION 3.** 71.07 (4k) (e) of the statutes is renumbered 71.07 (4k) (e) 1.

7 **SECTION 4.** 71.07 (4k) (e) 2. of the statutes is created to read:

8 71.07 (4k) (e) 2. A person who files a claim under par. (b) 7. shall include with  
9 the person's return a copy of the person's approval from the industry cluster  
10 partnership.

11 **SECTION 5.** 71.28 (4) (ab) 1m. of the statutes is created to read:

12 71.28 (4) (ab) 1m. "Industry cluster partnership" means a nonprofit  
13 organization that satisfies all of the following conditions:

14 a. Its primary purpose is to assist in developing and supporting a regional  
15 concentration of private sector businesses in this state that share a common interest  
16 in fostering industry-specific research and development, worker skills training, and  
17 market development.

18 b. It collaborates with institutions of higher education, including technical  
19 colleges, in this state for the purpose of transferring to the private sector, and  
20 commercializing, technology related to specific industries and developed at those  
21 institutions.

22 c. It is governed by a board of directors with members from the public and  
23 private sectors who represent the industries and interests necessary to ensure a  
24 collaborative, strategic approach to supporting economic development, job growth,  
25 and the development of marketable products and services in a specific industry.

**ASSEMBLY BILL 757****SECTION 5**

1           d. It is a participant in the national science foundation's industry and  
2 university cooperative research center program.

3           **SECTION 6.** 71.28 (4) (ad) 7. of the statutes is created to read:

4           71.28 (4) (ad) 7. For taxable years beginning after December 31, 2015, a  
5 corporation may claim a credit against the tax imposed under s. 71.23 an amount  
6 equal to 25 percent of the corporation's qualified research expenses, as defined in  
7 section 41 of the Internal Revenue Code, incurred for research conducted in this state  
8 for the taxable year, if the research is approved by an industry cluster partnership.  
9 For purposes of determining the amount of a corporation's qualified research  
10 expenses under this subdivision, the corporation may elect the alternative  
11 computation under section 41 (c) (4) of the Internal Revenue Code and that election  
12 applies until the department permits its revocation. Section 41 (h) of the Internal  
13 Revenue Code does not apply to the credit under this subdivision.

14           **SECTION 7.** 71.28 (4) (g) of the statutes is renumbered 71.28 (4) (g) 1.

15           **SECTION 8.** 71.28 (4) (g) 2. of the statutes is created to read:

16           71.28 (4) (g) 2. A corporation that files a claim under par. (ad) 7. shall include  
17 with the corporation's return a copy of the person's approval from the industry  
18 cluster partnership.

19           **SECTION 9.** 71.47 (4) (ab) 1m. of the statutes is created to read:

20           71.47 (4) (ab) 1m. "Industry cluster partnership" means a nonprofit  
21 organization that satisfies all of the following conditions:

22           a. Its primary purpose is to assist in developing and supporting a regional  
23 concentration of private sector businesses in this state that share a common interest  
24 in fostering industry-specific research and development, worker skills training, and  
25 market development.

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1           b. It collaborates with institutions of higher education, including technical  
2 colleges, in this state for the purpose of transferring to the private sector, and  
3 commercializing, technology related to specific industries and developed at those  
4 institutions.

5           c. It is governed by a board of directors with members from the public and  
6 private sectors who represent the industries and interests necessary to ensure a  
7 collaborative, strategic approach to supporting economic development, job growth,  
8 and the development of marketable products and services in a specific industry.

9           d. It is a participant in the national science foundation's industry and  
10 university cooperative research center program.

11           **SECTION 10.** 71.47 (4) (ad) 7. of the statutes is created to read:

12           71.47 (4) (ad) 7. For taxable years beginning after December 31, 2015, a  
13 corporation may claim a credit against the tax imposed under s. 71.43 an amount  
14 equal to 25 percent of the corporation's qualified research expenses, as defined in  
15 section 41 of the Internal Revenue Code, incurred for research conducted in this state  
16 for the taxable year, if the research is approved by an industry cluster partnership.  
17 For purposes of determining the amount of a corporation's qualified research  
18 expenses under this subdivision, the corporation may elect the alternative  
19 computation under section 41 (c) (4) of the Internal Revenue Code and that election  
20 applies until the department permits its revocation. Section 41 (h) of the Internal  
21 Revenue Code does not apply to the credit under this subdivision.

22           **SECTION 11.** 71.47 (4) (g) of the statutes is renumbered 71.47 (4) (g) 1.

23           **SECTION 12.** 71.47 (4) (g) 2. of the statutes is created to read:

