



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-4058/1
JK:amn

2015 SENATE BILL 525

January 7, 2016 – Introduced by Senator DARLING, cosponsored by Representatives NEYLON, BALLWEG, KITCHENS, E. BROOKS and PETRYK. Referred to Committee on Economic Development and Commerce.

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.

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.

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:

SENATE BILL 525**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.

SENATE BILL 525**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:

