

2015 DRAFTING REQUEST

Senate Amendment (SA-SB525)

Received: 1/26/2016 Received By: jkreye
For: Alberta Darling (608) 266-5830 Same as LRB: a1715
May Contact: By/Representing: deej
Subject: Tax, Business - credits Drafter: jkreye

Addl. Drafters:

Extra Copies:

Submit via email: NO
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Carbon copy (CC) to:

Pre Topic:

No specific pre topic given

Topic:

Industry cluster partnership credit; DOR technical concerns

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	jkreye 1/26/2016	anienaja 1/26/2016	_____	sbasford 1/26/2016	sbasford 1/26/2016	

FE Sent For:

<END>

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/1	jkreye					

FE Sent For:

<END>

*submit via
hand copy
only
joe*



State of Wisconsin
2015 - 2016 LEGISLATURE

1738/1

LRBa17/15/1
JK:wlj

Senate

ASSEMBLY AMENDMENT,
TO ASSEMBLY BILL 757

6 325

Senate

NOW 1-26

- 1 At the locations indicated, amend the bill as follows:
- 2 **1.** Page 2, line 25: delete that line and substitute “the industry cluster
- 3 partnership certifies that the claimant is a member of the cluster.”.
- 4 **2.** Page 3, line 1: delete lines 1 to 4 and substitute “Section 41 (f) (1), (2), (5),
- 5 and (6) and (h) of the Internal Revenue Code does not apply”.
- 6 **3.** Page 3, line 5: after “subdivision.” insert “For purposes of this subdivision,
- 7 “qualified research expenses” means qualified research expenses that satisfy any of
- 8 the following conditions:
- 9 a. They are paid by the person claiming the credit.
- 10 b. They are paid pursuant to a contract with a Wisconsin research institution
- 11 or university.
- 12 c. They are paid pursuant to a contract with a Wisconsin-based early stage
- 13 company that has licensed intellectual property from a Wisconsin university.”.

1 **4.** Page 3, line 9: delete “approval” and substitute “certification”.

2 **5.** Page 3, line 10: after “partnership” insert “that the person is a member of
3 the cluster”.

4 **6.** Page 4, line 8: delete that line and substitute “for the taxable year, if the
5 industry cluster partnership certifies that the claimant is a member of the cluster.”.

6 **7.** Page 4, line 9: delete lines 9 to 12 and substitute “Section 41 (f) (1), (2), (5),
7 and (6) and (h) of the Internal”.

8 **8.** Page 4, line 13: after “subdivision.” insert “For purposes of this subdivision,
9 “qualified research expenses” means qualified research expenses that satisfy any of
10 the following conditions:

11 a. They are paid by the person claiming the credit.

12 b. They are paid pursuant to a contract with a Wisconsin research institution
13 or university.

14 c. They are paid pursuant to a contract with a Wisconsin-based early stage
15 company that has licensed intellectual property from a Wisconsin university.”.

16 **9.** Page 4, line 17: delete “approval” and substitute “certification”.

17 **10.** Page 4, line 18: after “partnership” insert “that the person is a member of
18 the cluster”.

19 **11.** Page 5, line 16: delete that line and substitute “for the taxable year, if the
20 industry cluster partnership certifies that the claimant is a member of the cluster.”.

21 **12.** Page 5, line 17: delete lines 17 to 20 and substitute “Section 41 (f) (1), (2),
22 (5), and (6) and (h) of the Internal”.

1 **13.** Page 5, line 21: after “subdivision.” insert “For purposes of this
2 subdivision, “qualified research expenses” means qualified research expenses that
3 satisfy any of the following conditions:

4 a. They are paid by the person claiming the credit.

5 b. They are paid pursuant to a contract with a Wisconsin research institution
6 or university.

7 c. They are paid pursuant to a contract with a Wisconsin-based early stage
8 company that has licensed intellectual property from a Wisconsin university.”.

9 **14.** Page 6, line 2: delete “approval” and substitute “certification”.

10 **15.** Page 6, line 3: after “partnership” insert “that the person is a member of
11 the cluster”.

12

(END)

Kreye, Joseph

From: Lundgren, Deej
Sent: Friday, January 15, 2016 4:47 PM
To: Kreye, Joseph
Subject: FW: R&D revision
Attachments: 18424649_1.docx; ATT00001.txt

Hi Joe, Can you please have this drafted as an amendment to SB 525? Thanks!

-----Original Message-----

From: Marchant, Robert J (22244) [mailto:rjmarchant@michaelbeststrategies.com]
Sent: Friday, January 15, 2016 4:45 PM
To: Lundgren, Deej <Deej.Lundgren@legis.wisconsin.gov>
Subject: R&D revision

Deej

Here's the revised instructions for the drafter. No need to change the definition of the cluster support organization, just its role and the type of research that qualifies

Thanks.

Rob

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**Suggested Revision to LRB-4058/1
Industry Research and Development Tax Credit**

As currently drafted, this legislation requires a consortium of companies (i.e., the cluster) to “approve” research and development engaged in by cluster-member companies to determine whether the company is eligible for a tax credit. This process is complex and could be interpreted as requiring the cluster entity to approve specific R&D.

We believe that the cluster’s role should be in facilitating the connections between companies and start-ups and/or Wisconsin research institutions.

A major component of success for a startup company or emerging research is to the ability to collaborate and partner with larger, established companies that have the resources to advance the startup company’s products. This is achieved through R&D activities testing product and market capabilities that are not accessible to a startup or emerging growth company. On the other side of the relationship, established companies need incentives to stay in Wisconsin and be provided opportunities to invest in early stage innovation that allows them to increase their sales by partnering with early stage businesses. Clusters can foster and cultivate these relationships.

Suggested Revision:

We suggest that the legislation be revised in the following manner:

Certification:

1. The Cluster Industrial Partnership certifies that the person requesting the tax credit is a member of the cluster.

Eligible Expenses:

1. Internal R&D expenditures by the person claiming the credit; or
2. Contracted R&D expenditures with a Wisconsin research institution or university; or
3. Contracted R&D expenditures with a Wisconsin based early stage company that has licensed intellectual property from a Wisconsin university.