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.

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

SECTION 1. 71.07 (4k) (a) 1m. of the statutes is created to read:
71.07 (4k) (a) 1m. “Industry cluster partnership” means a nonprofit organization that satisfies all of the following conditions:

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

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

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

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

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

71.07 (4k) (b) 7. For taxable years beginning after December 31, 2015, an individual, a partner of a partnership, a shareholder of a tax-option corporation, or a member of a limited liability company may claim a credit against the tax imposed under s. 71.02 or 71.08, as allocated under par. (d), an amount equal to 25 percent of the individual’s, partnership’s, tax-option corporation’s, or limited liability company’s qualified research expenses, as defined in section 41 of the Internal Revenue Code, incurred for research conducted in this state for the taxable year, if the research is approved by an industry cluster partnership. For purposes of
determining the amount of a person’s qualified research expenses under this subdivision, the person may elect the alternative computation under section 41 (c) (4) of the Internal Revenue Code and that election applies until the department permits its revocation. Section 41 (h) of the Internal Revenue Code does not apply to the credit under this subdivision.

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

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

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

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

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

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

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

c. It is governed by a board of directors with members from the public and private sectors who represent the industries and interests necessary to ensure a collaborative, strategic approach to supporting economic development, job growth, and the development of marketable products and services in a specific industry.
d. It is a participant in the national science foundation’s industry and university cooperative research center program.

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

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

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

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

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

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

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

a. Its primary purpose is to assist in developing and supporting a regional concentration of private sector businesses in this state that share a common interest in fostering industry-specific research and development, worker skills training, and market development.
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b. It collaborates with institutions of higher education, including technical colleges, in this state for the purpose of transferring to the private sector, and commercializing, technology related to specific industries and developed at those institutions.

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

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

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

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

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

SECTION 12. 71.47 (4) (g) 2. of the statutes is created to read:
71.47 (4) (g) 2. A corporation that files a claim under par. (ad) 7. shall include with the corporation’s return a copy of the person’s approval from the industry cluster partnership.

(END)