

113TH CONGRESS
1ST SESSION

H. R. 3757

To amend the Internal Revenue Code of 1986 to extend the research credit one year, to increase and make permanent the alternative simplified research credit, and to provide a 20 percent credit for payments to biotechnology research consortiums for biotechnology research.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 12, 2013

Mr. PETERS of California (for himself, Mr. HONDA, Ms. DELBENE, Mr. MURPHY of Florida, and Ms. LOFGREN) 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 extend the research credit one year, to increase and make permanent the alternative simplified research credit, and to provide a 20 percent credit for payments to biotechnology research consortiums for biotechnology research.

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. SHORT TITLE.**

4 This Act may be cited as the “Igniting American Re-
5 search Act”.

1 **SEC. 2. 1-YEAR EXTENSION OF RESEARCH CREDIT; ALTER-**
2 **NATIVE SIMPLIFIED RESEARCH CREDIT IN-**
3 **CREASED AND MADE PERMANENT.**

4 (a) 1-YEAR EXTENSION OF CREDIT.—

5 (1) IN GENERAL.—Subparagraph (B) of section
6 41(h)(1) of the Internal Revenue Code of 1986 is
7 amended by striking “December 31, 2013” and in-
8 serting “December 31, 2014”.

9 (2) CONFORMING AMENDMENT.—Subparagraph
10 (D) of section 45C(b)(1) of such Code is amended
11 by striking “December 31, 2013” and inserting
12 “December 31, 2014”.

13 (3) EFFECTIVE DATE.—The amendments made
14 by this subsection shall apply to amounts paid or in-
15 curred after December 31, 2013.

16 (b) ALTERNATIVE SIMPLIFIED RESEARCH CREDIT
17 INCREASED AND MADE PERMANENT.—

18 (1) INCREASED CREDIT.—Subparagraph (A) of
19 section 41(e)(5) of such Code (relating to election of
20 alternative simplified credit) is amended by striking
21 “14 percent (12 percent in the case of taxable years
22 ending before January 1, 2009)” and inserting “20
23 percent”.

24 (2) CREDIT MADE PERMANENT.—

25 (A) IN GENERAL.—Subsection (h) of sec-
26 tion 41 of such Code is amended by redesignig-

1 nating the paragraph (2) relating to computa-
2 tion of taxable year in which credit terminates
3 as paragraph (4) and by inserting before such
4 paragraph the following new paragraph:

5 “(3) TERMINATION NOT TO APPLY TO ALTER-
6 NATIVE SIMPLIFIED CREDIT.—Paragraph (1) shall
7 not apply to the credit determined under subsection
8 (c)(5).”.

9 (B) CONFORMING AMENDMENT.—Para-
10 graph (4) of section 41(h) of such Code, as re-
11 designated by subparagraph (A), is amended to
12 read as follows:

13 “(4) COMPUTATION FOR TAXABLE YEAR IN
14 WHICH CREDIT TERMINATES.—In the case of any
15 taxable year with respect to which this section ap-
16 plies to a number of days which is less than the total
17 number of days in such taxable year, the amount de-
18 termined under subsection (c)(1)(B) with respect to
19 such taxable year shall be the amount which bears
20 the same ratio to such amount (determined without
21 regard to this paragraph) as the number of days in
22 such taxable year to which this section applies bears
23 to the total number of days in such taxable year.”.

1 (3) EFFECTIVE DATE.—The amendments made
2 by this subsection shall apply to taxable years end-
3 ing after December 31, 2013.

4 **SEC. 3. BIOTECHNOLOGY RESEARCH.**

5 (a) 20 PERCENT CREDIT FOR PAYMENTS TO BIO-
6 TECHNOLOGY RESEARCH CONSORTIUM FOR BIO-
7 TECHNOLOGY RESEARCH.—

8 (1) IN GENERAL.—Section 41(a)(3) of the In-
9 ternal Revenue Code of 1986 is amended by insert-
10 ing “or a biotechnology research consortium for bio-
11 technology research” before the period at the end.

12 (2) LIMITATION.—Section 41(a) of the Internal
13 Revenue Code of 1986 is amended by adding at the
14 end the following flush sentence: “The amounts
15 taken into account for purposes of paragraph (3) for
16 a taxable year may not exceed the greater of 20 per-
17 cent of the amounts paid or incurred by the tax-
18 payer during the taxable year (including as contribu-
19 tions) to an energy research consortium for energy
20 research or 20 percent of the amounts paid or in-
21 curred by the taxpayer during the taxable year (in-
22 cluding as contributions) to a biotechnology research
23 consortium for biotechnology research.”.

24 (b) BIOTECHNOLOGY CONTRACT RESEARCH EX-
25 PENSES.—Section 41(b)(3)(D)(i) of the Internal Revenue

1 Code of 1986 is amended by striking “energy research”
2 and inserting “energy or biotechnology research”.

3 (c) SPECIAL RULES.—Subparagraphs (A)(ii) and
4 (B)(ii) of section 41(f)(1) of the Internal Revenue Code
5 of 1986 are both amended by striking “consortiums,” and
6 inserting “consortiums and to biotechnology research con-
7 sortiums,”.

8 (d) BIOTECHNOLOGY RESEARCH CONSORTIUM DE-
9 FINED.—Section 41(f) of the Internal Revenue Code of
10 1986 is amended by adding at the end the following new
11 paragraph:

12 “(7) BIOTECHNOLOGY RESEARCH CONSOR-
13 TIUM.—

14 “(A) IN GENERAL.—The term ‘bio-
15 technology research consortium’ means any or-
16 ganization—

17 “(i) which is—

18 “(I) described in section
19 501(c)(3) and is exempt from tax
20 under section 501(a) and is organized
21 and operated primarily to conduct bio-
22 technology research, or

23 “(II) organized and operated pri-
24 marily to conduct biotechnology re-

1 search in the public interest (within
2 the meaning of section 501(c)(3)),

3 “(ii) which is not a private founda-
4 tion,

5 “(iii) to which at least 3 unrelated
6 persons paid or incurred during the cal-
7 endar year in which the taxable year of the
8 organization begins amounts (including as
9 contributions) to such organization for bio-
10 technology research, and

11 “(iv) to which no single person paid
12 or incurred (including as contributions)
13 during such calendar year an amount
14 equal to more than 50 percent of the total
15 amounts received by such organization
16 during such calendar year for bio-
17 technology research.

18 “(B) APPLICABLE RULES.—For purposes
19 of subparagraph (A), rules similar to the rules
20 of subparagraphs (B), (C) (applied by sub-
21 stituting ‘biotechnology’ for ‘research’), and (D)
22 of paragraph (6) shall apply.

23 “(C) BIOTECHNOLOGY RESEARCH.—The
24 term ‘biotechnology research’ does not in-
25 clude—

1 “(i) any research which is not quali-
2 fied research, and

3 “(ii) any research which is energy re-
4 search.”.

5 (e) ENERGY RESEARCH CONSORTIUM.—Section
6 41(f)(A)(iii) of the Internal Revenue Code of 1986 is
7 amended by striking “5 unrelated persons” and inserting
8 “3 unrelated persons”.

9 (f) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2013.

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