



1 creasing research activities) is amended by striking sub-  
2 section (h).

3 (b) CREDIT FOR EXPENSES ATTRIBUTABLE TO CER-  
4 TAIN COLLABORATIVE RESEARCH CONSORTIA.—

5 (1) IN GENERAL.—Subsection (a) of section 41  
6 of such Code is amended by striking “and” at the  
7 end of paragraph (1), by striking the period at the  
8 end of paragraph (2) and inserting “, and”, and by  
9 adding at the end the following new paragraph:

10 “(3) 20 percent of the sum of—

11 “(A) the qualified consortia expenses (as  
12 defined in subsection (f)) to the extent such ex-  
13 penses do not exceed the amount described in  
14 subparagraph (B), and

15 “(B) the amount paid in cash during the  
16 taxable year to a qualified collaborative re-  
17 search consortium for qualified collaborative re-  
18 search (as defined in subsection (f)).”

19 (2) RULES RELATING TO QUALIFIED RESEARCH  
20 CONSORTIA.—Section 41 of such Code is amended  
21 by redesignating subsections (f) and (g) as sub-  
22 sections (g) and (h), respectively, and by inserting  
23 after subsection (e) the following new subsection:

24 “(f) RULES RELATING TO QUALIFIED RESEARCH  
25 CONSORTIA.—For purposes of subsection (a)(3)—

1           “(1) IN GENERAL.—The term ‘qualified consor-  
2           tia expenses’ means, with respect to any taxable  
3           year, the sum of the following amounts which are  
4           paid or incurred by the taxpayer during the taxable  
5           year:

6                   “(A) Any wages paid or incurred to an em-  
7                   ployee of the taxpayer for services performed by  
8                   such employee in qualified collaborative re-  
9                   search or in direct support of employees per-  
10                  forming qualified collaborative research.

11                  “(B) Any amount paid or incurred for sup-  
12                  plies used in the conduct of qualified collabo-  
13                  rative research.

14           “(2) QUALIFIED COLLABORATIVE RESEARCH  
15           CONSORTIUM.—The term ‘qualified collaborative re-  
16           search consortium’ means any organization de-  
17           scribed in subsection (e)(6)(B) if—

18                   “(A) at least 15 unrelated taxpayers paid  
19                   (during the calendar year in which the taxable  
20                   year of the taxpayer begins) amounts to such  
21                   organization for qualified collaborative research,

22                   “(B) no 3 persons paid during such cal-  
23                   endar year more than 50 percent of the total  
24                   amounts paid during such calendar year for  
25                   qualified collaborative research, and

1           “(C) no person contributed more than 25  
2           percent of such total amounts.

3           For purposes of subparagraph (A), all persons treat-  
4           ed as a single employer under subsection (a) or (b)  
5           of section 52 shall be treated as related taxpayers.

6           “(3) QUALIFIED COLLABORATIVE RESEARCH.—  
7           The term ‘qualified collaborative research’ means  
8           qualified research—

9           “(A) which is carried on in the public in-  
10          terest and the results of which are made avail-  
11          able to the public on a nondiscriminatory basis,  
12          and

13          “(B) which is performed or supervised by  
14          a qualified collaborative research consortium.

15          “(4) REDUCTION FOR AMOUNTS EXPENDED ON  
16          INELIGIBLE RESEARCH.—The amount which, but for  
17          this paragraph, would be taken into account under  
18          subsection (a)(3)(B) by the taxpayer for any taxable  
19          year shall be reduced by an amount which bears the  
20          same ratio to such amount as—

21          “(A) the amount paid or incurred during  
22          the calendar year in which such taxable year  
23          begins by the consortia for research which is  
24          not qualified research, bears to

1           “(B) the total amount paid or incurred  
2           during such calendar by the consortia for re-  
3           search.

4           “(5) DENIAL OF DOUBLE BENEFIT.—Any  
5           amount taken into account under subparagraph (A)  
6           or (B) of subsection (a)(3) shall not be taken into  
7           account under subparagraph (A) or (B) of para-  
8           graph (1), or under paragraph (2), of subsection  
9           (a).”

10          (c) EFFECTIVE DATES.—

11           (1) CREDIT MADE PERMANENT.—The amend-  
12           ment made by subsection (a) shall apply to amounts  
13           paid or incurred after June 30, 1995, in taxable  
14           years ending after such date.

15           (2) PAYMENTS TO CONSORTIA.—The amend-  
16           ments made by subsection (b) shall apply to taxable  
17           years beginning after the date of the enactment of  
18           this Act.

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