S. 43

To amend the Internal Revenue Code of 1986 to provide a Federal income tax credit for certain stem cell research expenditures.

IN THE SENATE OF THE UNITED STATES

JANUARY 7, 2015

Mr. VITTER introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide a Federal income tax credit for certain stem cell research expenditures.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Ethical Stem Cell Research Tax Credit Act of 2015”.

SEC. 2. CREDIT FOR ETHICAL STEM CELL RESEARCH.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:
“SEC. 45S. ETHICAL STEM CELL RESEARCH.

“(a) ALLOWANCE OF CREDIT.—For purposes of section 38, in the case of an eligible taxpayer, the ethical stem cell research credit determined under this section for the taxable year shall be an amount equal to 30 percent of the qualified stem cell research expenses paid or incurred by the taxpayer during the taxable year.

“(b) ELIGIBLE TAXPAYER.—For purposes of this section, the term ‘eligible taxpayer’ means any taxpayer that elects the application of this section for the taxable year.

“(c) QUALIFIED STEM CELL RESEARCH EXPENSES.—For purposes of this section—

“(1) IN GENERAL.—The term ‘qualified stem cell research expenses’ means expenses which are paid or incurred by the eligible taxpayer during the taxable year in carrying on basic and applied research to develop techniques for the isolation, derivation, production, testing, and human clinical use of stem cells that may result in improved understanding of or treatments for diseases and other adverse health conditions, no part of which may involve—

“(A) the creation of a human embryo for research purposes,
“(B) the destruction of or discarding of, or risk of injury to, a human embryo, or

“(C) the use of any stem cell, the derivation or provision of which would be inconsistent with subparagraph (A) or (B).

“(2) HUMAN EMBRYO.—The term ‘human embryo’ means any organism not protected as a human subject under part 46 of title 45, Code of Federal Regulations (as in effect on the date of the enactment of this section) that is derived by fertilization, parthenogenesis, cloning, or any other means from one or more human gametes or human diploid cells.

“(3) RISK OF INJURY.—The term ‘risk of injury’ means subjecting a human embryo to risk of injury or death greater than that allowed for research on a fetus in utero under section 498(b) of the Public Health Service Act (42 U.S.C. 289g(b)) (as in effect on the date of the enactment of this section) and section 46.204(b) of title 45, Code of Federal Regulations (as so in effect).

“(d) TREATMENT OF QUALIFIED STEM CELL RESEARCH EXPENSES.—

“(1) IN GENERAL.—Except as provided in paragraph (2), any qualified stem cell research expenses for a taxable year to which an election under this
section applies shall not be taken into account for purposes of determining the credit allowable under section 41 for such taxable year.

“(2) Treated as base period research expenses.—Any qualified stem cell research expenses for any taxable year which are qualified research expenses (within the meaning of section 41(b)) shall be taken into account in determining base period research expenses for purposes of applying section 41 to subsequent taxable years.

“(e) Special Rules.—

“(1) Limitation.—No credit shall be allowed under this section with respect to any stem cell research conducted by a corporation to which an election under section 936 applies.

“(2) Aggregation of expenditures and allocations of credit.—Rules similar to the rules of paragraphs (1) and (2) of section 41(f) and section 41(g) shall apply for purposes of this section.”.

(b) Credit allowed as part of general business credit.—Section 38(b) of the Internal Revenue Code of 1986 is amended by striking “plus” at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting “, plus”, and by adding at the end the following new paragraph:
“(b) the ethical stem cell research credit determined under section 45S(a).”.

(c) Denial of Double Benefit.—

(1) Technical Amendment.—The second subsection (g) of section 280C of the Internal Revenue Code of 1986, as added by section 1401(b) of the Patient Protection and Affordable Care Act, is redesignated as subsection (i).

(2) In General.—Section 280C of the Internal Revenue Code of 1986, as amended by paragraph (1), is further amended by adding at the end the following new subsection:

“(j) Ethical Stem Cell Research Credit.—

“(1) In General.—No deduction shall be allowed for that portion of the qualified stem cell research expenses (as defined in section 45S(c)(1)) otherwise allowable as a deduction for the taxable year which is equal to the amount of the credit determined for such taxable year under section 45S(a).

“(2) Similar Rule Where Taxpayer Capitalizes Rather Than Deducts Expenses.—If—

“(A) the amount of the credit determined for the taxable year under section 45S(a), ex—
“(B) the amount allowable as a deduction for such taxable year for qualified stem cell research expenses (determined without regard to paragraph (1)),

the amount chargeable to capital account for the taxable year for such expenses shall be reduced by the amount of such excess.

“(3) CONTROLLED GROUPS.—Paragraph (3) of subsection (b) shall apply for purposes of this subsection.”.

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

“Sec. 45S. Ethical stem cell research.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act.