

117TH CONGRESS
2D SESSION

H. R. 7166

To amend the Internal Revenue Code of 1986 to provide for extended expensing of pharmaceutical manufacturing property, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 18, 2022

Mr. MOONEY 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 provide for extended expensing of pharmaceutical manufacturing property, and for other purposes.

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 “Make Medicine in
5 America Again Act”.

6 **SEC. 2. EXTENSION AND EXPANSION OF COST EXPENSING**
7 **PROVISIONS FOR PHARMACEUTICAL MANU-**
8 **FACTURERS.**

9 (a) ALLOWANCE OF BONUS DEPRECIATION FOR
10 PHARMACEUTICAL MANUFACTURING PROPERTY.—Sec-

tion 168(k)(2)(A) of the Internal Revenue Code of 1986
is amended—

(1) in clause (i), by striking “or” in subclause
(III), by striking “or” in subclause (IV), by adding
“or” at the end of subclause (V), and by adding at
the end the following new subclause:

“(VI) which is pharmaceutical
manufacturing property (as defined in
paragraph 11).”, and

(2) in clause (iii), by striking the period and
adding at the end “(other than pharmaceutical man-
ufacturing property).”.

(b) APPLICATION OF APPLICABLE PERCENTAGE.—
Section 168(k)(6) of such Code is amended by adding at
the end the following new subparagraph:

“(D) RULE FOR PHARMACEUTICAL MANU-
FACTURING PROPERTY.—Notwithstanding any
other provisions of this paragraph, in the case
of any qualified property which is pharma-
ceutical manufacturing property, the term ‘ap-
plicable percentage’ means, in the case of prop-
erty placed in service after December 31, 2023,
100 percent.”.

1 (c) PHARMACEUTICAL MANUFACTURING PROPERTY
 2 DEFINED.—Section 168(k) of such Code is amended by
 3 adding at the end the following new paragraph:

4 “(11) PHARMACEUTICAL MANUFACTURING
 5 PROPERTY DEFINED.—For purposes of this sub-
 6 section, the term ‘pharmaceutical manufacturing
 7 property’ means property, equipment, buildings, or
 8 facilities placed in service in the United States for
 9 the purpose of facilitating pharmaceutical manufac-
 10 turing.

11 “(a) EFFECTIVE DATE.—The amendments made by
 12 this section shall apply to property placed in service after
 13 December 31, 2022.”.

14 **SEC. 3. PHARMACEUTICAL MANUFACTURING CREDIT.**

15 (a) IN GENERAL.—Subpart D of part IV of sub-
 16 chapter A of chapter 1 of the Internal Revenue Code of
 17 1986 is amended by adding at the end the following new
 18 section:

19 **“SEC. 45U. PHARMACEUTICAL MANUFACTURING CREDIT.**

20 “(a) IN GENERAL.—For purposes of section 38, the
 21 pharmaceutical manufacturing credit for the taxable year
 22 shall be an amount equal to 50 percent of the qualified
 23 production activity expenditures of the taxpayer for the
 24 taxable year.

1 “(b) QUALIFIED PRODUCTION ACTIVITY EXPENDI-
2 TURES.—For purposes of this section—

3 “(1) IN GENERAL.—The term ‘qualified produc-
4 tion activity expenditures’ means—

5 “(A) wages paid or incurred to an em-
6 ployee of the taxpayer for services performed by
7 such employee in the conduct of a qualified
8 pharmaceutical manufacturing business in the
9 United States (but only if the employee’s prin-
10 cipal place of employment is in the United
11 States),

12 “(B) amounts paid or incurred for any
13 tangible personal property (whether or not oth-
14 erwise properly chargeable to capital account)
15 used in the conduct of a qualified pharma-
16 ceutical manufacturing business in the United
17 States (but only if the primary use of such
18 property is in the United States), and

19 “(C) any direct or indirect costs paid or in-
20 curred in the conduct of a qualified pharma-
21 ceutical manufacturing business in the United
22 States.

23 “(2) QUALIFIED PHARMACEUTICAL MANUFAC-
24 TURING BUSINESS.—

1 “(A) IN GENERAL.—The term ‘qualified
2 pharmaceutical manufacturing business’ means
3 the trade or business of producing pharma-
4 ceuticals and active pharmaceutical ingredients.

5 “(B) ACTIVE PHARMACEUTICAL INGRE-
6 DIENT.—The term ‘active pharmaceutical ingre-
7 dients’ has the meaning given to such term in
8 section 207.1 of title 21, Code of Federal Regu-
9 lations (and any successor regulations).

10 “(C) PHARMACEUTICAL.—The term ‘phar-
11 maceutical’—

12 “(i) means any drug (as defined in
13 section 201 of the Federal Food, Drug,
14 and Cosmetic Act), and

15 “(ii) includes a biological product (as
16 defined in section 351 of the Public Health
17 Service Act).

18 “(3) CERTAIN HEALTH PLAN EXPENSES TREAT-
19 ED AS WAGES.—

20 “(A) IN GENERAL.—For purposes of para-
21 graph (1), the term ‘wages’ shall include so
22 much of the eligible employer’s qualified health
23 plan expenses as are properly allocable to such
24 wages.

1 “(B) QUALIFIED HEALTH PLAN EX-
2 PENSES.—For purposes of this paragraph, the
3 term ‘qualified health plan expenses’ means
4 amounts paid or incurred by the eligible em-
5 ployer to provide and maintain a group health
6 plan (as defined in section 5000(b)(1)), but
7 only to the extent that such amounts are ex-
8 cluded from the gross income of employees by
9 reason of section 106(a) of such Code.

10 “(C) ALLOCATION RULES.—For purposes
11 of this paragraph, qualified health plan ex-
12 penses shall be allocated to qualified wages in
13 such manner as the Secretary may prescribe.
14 Except as otherwise provided by the Secretary,
15 such allocation shall be treated as properly
16 made if made on the basis of being pro rata
17 among employees and pro rata on the basis of
18 periods of coverage (relative to the periods to
19 which such wages relate).

20 “(4) UNITED STATES.—The term ‘United
21 States’ means the 50 States and the District of Co-
22 lumbia.

23 “(c) SPECIAL RULES.—

24 “(1) REDUCTION IN BASIS.—If a credit is de-
25 termined under this section with respect to any

1 property by reason of any qualified production activ-
 2 ity expenditures described in subsection (b)(1)(B),
 3 the basis of such property shall be reduced by the
 4 amount of the credit so determined.

5 “(2) COORDINATION WITH OTHER CREDITS.—
 6 Any qualified production activity expenditures taken
 7 into account in determining the amount of the credit
 8 under subsection (a) shall not be taken into account
 9 in determining a credit under any other provision of
 10 this chapter.

11 “(3) LIMITATION ON WAGES TAKEN INTO AC-
 12 COUNT.—The amount of wages taken into account
 13 under subsection (a) with respect to any employee
 14 shall not exceed an amount equal to the contribution
 15 and benefit base in effect under section 230 of the
 16 Social Security Act for the calendar year in which
 17 the taxable year begins.”.

18 (b) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-
 19 IMUM TAX.—Section 38(c)(4)(B) of such Code is amended
 20 by redesignating clauses (x), (xi), and (xii) as clauses (xi),
 21 (xii), and (xiii), respectively, and by inserting after clause
 22 (ix) the following new clause:

23 “(x) the credit determined under sec-
 24 tion 45U,”.

1 (c) DENIAL OF DEDUCTION.—Section 280C of such
 2 Code is amended by adding at the end the following new
 3 subsection:

4 “(i) PHARMACEUTICAL MANUFACTURING CREDIT.—
 5 No deduction shall be allowed for that portion of the quali-
 6 fied production activity expenditures (as defined in section
 7 45U(b)) otherwise allowable as a deduction for the taxable
 8 year which is equal to the amount of the pharmaceutical
 9 manufacturing credit determined for such taxable year
 10 under section 45U(a).”.

11 (d) PART OF GENERAL BUSINESS CREDIT.—Section
 12 38(b) of such Code is amended by striking “plus” at the
 13 end of paragraph (32), by striking the period at the end
 14 of paragraph (33) and inserting “, plus”, and by adding
 15 at the end the following new paragraph:

16 “(34) the pharmaceutical manufacturing credit
 17 determined under section 45U(a).”.

18 (e) CLERICAL AMENDMENT.—The table of sections
 19 for subpart D of part IV of subchapter A of chapter 1
 20 is amended by adding at the end the following new item:

“Sec. 45U. Pharmaceutical manufacturing credit.”.

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

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