[~117H7410]

| | | (Original Signature of Member) |
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| 118TH CONGRESS 1ST SESSION | H.R. | |

To amend the Internal Revenue Code of 1986 to provide for credits against tax for domestic manufacturing of critical medical supplies and drugs.

IN THE HOUSE OF REPRESENTATIVES

| Mr. | WENSTRUP introduce | d the | e following | bill; | which | was | referred | to | the |
|-----|--------------------|-------|-------------|-------|-------|-----|----------|----|-----|
| | Committee on | | | | | | | | |
| | | | | | | | | | |

A BILL

To amend the Internal Revenue Code of 1986 to provide for credits against tax for domestic manufacturing of critical medical supplies and drugs.

- 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 "Our Nation's Supply
- 5 chain for Healthcare has Over Reliance Elsewhere Act"
- 6 or the "ONSHORE Manufacturing Act".

| 1 | SEC. 2. DOMESTIC MEDICAL AND DRUG MANUFACTURING |
|----|--|
| 2 | CREDIT. |
| 3 | (a) In General.—Subpart D of part IV of sub- |
| 4 | chapter A of chapter 1 of the Internal Revenue Code of |
| 5 | 1986 is amended by adding at the end the following new |
| 6 | section: |
| 7 | "SEC. 45BB. DOMESTIC MEDICAL AND DRUG MANUFAC- |
| 8 | TURING CREDIT. |
| 9 | "(a) In General.—For purposes of section 38, the |
| 10 | domestic medical and drug manufacturing credit deter- |
| 11 | mined under this section for any taxable year is an amount |
| 12 | equal to 10.5 percent of the lesser of— |
| 13 | "(1) the qualified medical and drug manufac- |
| 14 | turing income of the taxpayer for the taxable year, |
| 15 | or |
| 16 | "(2) taxable income of the taxpayer for the tax- |
| 17 | able year. |
| 18 | "(b) Credit Limited to Wages Paid.— |
| 19 | "(1) In general.—The amount of the credit |
| 20 | allowable under subsection (a) for any taxable year |
| 21 | shall not exceed 50 percent of the W–2 wages of the |
| 22 | taxpayer for the taxable year. |
| 23 | "(2) W–2 WAGES.—For purposes of this sec- |
| 24 | tion— |
| 25 | "(A) IN GENERAL.—The term W-2 |
| 26 | wages' means, with respect to any person for |

| 1 | any taxable year of such person, the sum of the |
|----|--|
| 2 | amounts described in paragraphs (3) and (8) of |
| 3 | section 6051(a) paid by such person with re- |
| 4 | spect to employment of employees by such per- |
| 5 | son during the calendar year ending during |
| 6 | such taxable year. |
| 7 | "(B) Limitation to wages attrib- |
| 8 | UTABLE TO DOMESTIC PRODUCTION.—Such |
| 9 | term shall not include any amount which is not |
| 10 | properly allocable to domestic medical and drug |
| 11 | manufacturing gross receipts for purposes of |
| 12 | subsection $(c)(1)$. |
| 13 | "(C) RETURN REQUIREMENT.—Such term |
| 14 | shall not include any amount which is not prop- |
| 15 | erly included in a return filed with the Social |
| 16 | Security Administration on or before the 60th |
| 17 | day after the due date (including extensions) |
| 18 | for such return. |
| 19 | "(3) Acquisitions, dispositions, and short |
| 20 | TAXABLE YEARS.—The Secretary shall provide for |
| 21 | the application of this subsection in cases of a short |
| 22 | taxable year or where the taxpayer acquires, or dis- |
| 23 | poses of, the major portion of a trade or business or |
| 24 | the major portion of a separate unit of a trade or |
| 25 | business during the taxable year. |

| 1 | "(c) Qualified Medical and Drug Manufac- |
|----|---|
| 2 | TURING INCOME.—For purposes of this section— |
| 3 | ``(1) IN GENERAL.—The term 'qualified medical |
| 4 | and drug manufacturing income' for any taxable |
| 5 | year means an amount equal to the excess (if any) |
| 6 | of— |
| 7 | "(A) the taxpayer's domestic medical and |
| 8 | drug manufacturing gross receipts for the tax- |
| 9 | able year, over |
| 10 | "(B) the sum of— |
| 11 | "(i) the cost of goods sold that are al- |
| 12 | locable to such receipts, and |
| 13 | "(ii) other expenses, losses, or deduc- |
| 14 | tions which are properly allocable to such |
| 15 | receipts. |
| 16 | "(2) Allocation method.—The Secretary |
| 17 | shall prescribe rules for the proper allocation of |
| 18 | items described in paragraph (1)(B) for purposes of |
| 19 | determining qualified medical and drug manufac- |
| 20 | turing income. Such rules shall provide for the prop- |
| 21 | er allocation of items whether or not such items are |
| 22 | directly allocable to domestic medical and drug man- |
| 23 | ufacturing gross receipts. |
| 24 | "(3) Special rules for determining |
| 25 | COSTS.— |

| 1 | "(A) In general.—For purposes of deter- |
|----|--|
| 2 | mining costs under clause (i) of paragraph |
| 3 | (1)(B), any item or service brought into the |
| 4 | United States shall be treated as acquired by |
| 5 | purchase, and its cost shall be treated as not |
| 6 | less than its value immediately after it entered |
| 7 | the United States. |
| 8 | "(B) Exports for further manufac- |
| 9 | TURE.—In the case of any property described |
| 10 | in subparagraph (A) that had been exported by |
| 11 | the taxpayer for further manufacture, the in- |
| 12 | crease in cost or adjusted basis under subpara- |
| 13 | graph (A) shall not exceed the difference be- |
| 14 | tween the value of the property when exported |
| 15 | and the value of the property when brought |
| 16 | back into the United States after the further |
| 17 | manufacture. |
| 18 | "(4) Domestic medical and drug manufac- |
| 19 | TURING GROSS RECEIPTS.— |
| 20 | "(A) In General.—The term 'domestic |
| 21 | medical and drug manufacturing gross receipts' |
| 22 | means the gross receipts of the taxpayer which |
| 23 | are derived from any sale, exchange, or other |
| 24 | disposition of a specified medical product. |

| 1 | "(B) Specified medical product.—The |
|----|--|
| 2 | term 'specified medical product' means any of |
| 3 | the following which is manufactured or pro- |
| 4 | duced by the taxpayer in whole or in significant |
| 5 | part within the United States: |
| 6 | "(i) Any drug (as defined in section |
| 7 | 201(g)(1) of the Federal Food, Drug, and |
| 8 | Cosmetic Act) which is included in— |
| 9 | "(I) the Food and Drug Adminis- |
| 10 | tration List of Essential Medicines, |
| 11 | Medical Countermeasures, and Crit- |
| 12 | ical Inputs as required by Executive |
| 13 | Order 13944, |
| 14 | "(II) the Department of Defense |
| 15 | List of Essential Medicines, Medical |
| 16 | Countermeasures, and Critical Inputs |
| 17 | as required by Executive Order |
| 18 | 13944, |
| 19 | "(III) the Department of Defense |
| 20 | Joint Deployment Formulary, or |
| 21 | "(IV) the Defense Logistics |
| 22 | Agency List of Readiness-Related |
| 23 | Drugs with Substantial Need for |
| 24 | Onshoring. |

| 1 | "(ii) Any device (as defined in section |
|----|---|
| 2 | 201(h)(1) of the Federal Food, Drug, and |
| 3 | Cosmetic Act) which is included in— |
| 4 | "(I) the Food and Drug Adminis- |
| 5 | tration List of Critical Medical De- |
| 6 | vices as required by Executive Order |
| 7 | 14001, or |
| 8 | "(II) the Department of Defense |
| 9 | Joint Deployment Formulary. |
| 10 | "(iii) Any biological product (as de- |
| 11 | fined in section 351(i)(1) of the Public |
| 12 | Health Service Act) which is included in a |
| 13 | list described in subclause (I), (II), or (III) |
| 14 | of clause (i). |
| 15 | "(iv) Any active pharmaceutical ingre- |
| 16 | dient (as defined in section 207.1 of title |
| 17 | 21, Code of Federal Regulations) which is |
| 18 | used in the manufacture of a drug, device, |
| 19 | or biological product described in clause |
| 20 | (i), (ii), or (iii), respectively. |
| 21 | "(v) Any covered countermeasure (as |
| 22 | defined in section $319F-3(i)(1)$ of the |
| 23 | Public Health Service Act) which is in- |
| 24 | cluded in a list described in subclause (I), |
| 25 | (II), or (III) of clause (i). |

| 1 | "(C) Partnerships owned by ex- |
|----|---|
| 2 | PANDED AFFILIATED GROUPS.—For purposes |
| 3 | of this paragraph, if all of the interests in the |
| 4 | capital and profits of a partnership are owned |
| 5 | by members of a single expanded affiliated |
| 6 | group at all times during the taxable year of |
| 7 | such partnership, the partnership and all mem- |
| 8 | bers of such group shall be treated as a single |
| 9 | taxpayer during such period. |
| 10 | "(d) Definitions and Special Rules.—For pur- |
| 11 | poses of this section— |
| 12 | "(1) Application of Section to Pass-thru |
| 13 | ENTITIES.— |
| 14 | "(A) Partnerships and s corpora- |
| 15 | TIONS.—In the case of a partnership or S cor- |
| 16 | poration— |
| 17 | "(i) this section shall be applied at the |
| 18 | partner or shareholder level, |
| 19 | "(ii) each partner or shareholder shall |
| 20 | take into account such person's allocable |
| 21 | share of each item described in subpara- |
| 22 | graph (A) or (B) of subsection (c)(1) (de- |
| 23 | termined without regard to whether the |
| 24 | items described in such subparagraph (A) |

| 1 | exceed the items described in such sub- |
|----|--|
| 2 | paragraph (B)), and |
| 3 | "(iii) each partner or shareholder |
| 4 | shall be treated for purposes of subsection |
| 5 | (b) as having W-2 wages for the taxable |
| 6 | year in an amount equal to such person's |
| 7 | allocable share of the W–2 wages of the |
| 8 | partnership or S corporation for the tax- |
| 9 | able year (as determined under regulations |
| 10 | prescribed by the Secretary). |
| 11 | "(B) Trusts and estates.—In the case |
| 12 | of a trust or estate— |
| 13 | "(i) the items referred to in subpara- |
| 14 | graph (A)(ii) (as determined therein) and |
| 15 | the W–2 wages of the trust or estate for |
| 16 | the taxable year, shall be apportioned be- |
| 17 | tween the beneficiaries and the fiduciary |
| 18 | (and among the beneficiaries) under regu- |
| 19 | lations prescribed by the Secretary, and |
| 20 | "(ii) for purposes of paragraph (2), |
| 21 | adjusted gross income of the trust or es- |
| 22 | tate shall be determined as provided in sec- |
| 23 | tion 67(e) with the adjustments described |
| 24 | in such paragraph. |

| 1 | "(C) REGULATIONS.—The Secretary may |
|----|---|
| 2 | prescribe rules requiring or restricting the allo- |
| 3 | cation of items and wages under this paragraph |
| 4 | and may prescribe such reporting requirements |
| 5 | as the Secretary determines appropriate. |
| 6 | "(2) APPLICATION TO INDIVIDUALS.—In the |
| 7 | case of an individual, subsection (a)(2) shall be ap- |
| 8 | plied by substituting 'adjusted gross income' for |
| 9 | 'taxable income'. For purposes of the preceding sen- |
| 10 | tence, adjusted gross income shall be determined |
| 11 | after application of sections 86, 135, 137, 219, 221, |
| 12 | 222, and 469. |
| 13 | "(3) Special rule for affiliated |
| 14 | GROUPS.— |
| 15 | "(A) IN GENERAL.—All members of an ex- |
| 16 | panded affiliated group shall be treated as a |
| 17 | single corporation for purposes of this section. |
| 18 | "(B) Expanded affiliated group.— |
| 19 | For purposes of this section, the term 'ex- |
| 20 | panded affiliated group' means an affiliated |
| 21 | group as defined in section 1504(a), deter- |
| 22 | mined— |
| 23 | "(i) by substituting 'more than 50 |
| 24 | percent' for 'at least 80 percent' each place |
| 25 | it appears, and |

| 1 | "(ii) without regard to paragraphs (2) |
|----|--|
| 2 | and (4) of section 1504(b). |
| 3 | "(C) Allocation of credit.—Except as |
| 4 | provided in regulations, the credit under sub- |
| 5 | section (a) shall be allocated among the mem- |
| 6 | bers of the expanded affiliated group in propor- |
| 7 | tion to each member's respective amount (if |
| 8 | any) of qualified medical and drug manufac- |
| 9 | turing income. |
| 10 | "(4) Trade or business requirement.— |
| 11 | This section shall be applied by only taking into ac- |
| 12 | count items which are attributable to the actual con- |
| 13 | duct of a trade or business. |
| 14 | "(5) Coordination with minimum tax.—For |
| 15 | purposes of determining alternative minimum tax- |
| 16 | able income under section 55, qualified medical and |
| 17 | drug manufacturing income shall be determined |
| 18 | without regard to any adjustments under sections 56 |
| 19 | through 59. |
| 20 | "(6) Unrelated business taxable in- |
| 21 | COME.—For purposes of determining the tax im- |
| 22 | posed by section 511 , subsection $(a)(1)(B)$ shall be |
| 23 | applied by substituting 'unrelated business taxable |
| 24 | income' for 'taxable income'. |

| 1 | "(7) Regulations.—The Secretary shall pre- |
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| 2 | scribe such regulations as are necessary to carry out |
| 3 | the purposes of this section, including regulations |
| 4 | which prevent more than 1 taxpayer from being al- |
| 5 | lowed a credit under this section with respect to any |
| 6 | activity described in subsection $(c)(4)(A)$.". |
| 7 | (b) Treatment Under Base Erosion Tax.—Sec- |
| 8 | tion 59A(b)(1)(B)(ii) of such Code is amended by striking |
| 9 | "plus" at the end of subclause (I), by redesignating sub- |
| 10 | clause (II) as subclause (III), and by inserting after sub- |
| 11 | clause (I) the following new subclause: |
| 12 | "(II) the credit allowed under |
| 13 | section 38 for the taxable year which |
| 14 | is properly allocable to the domestic |
| 15 | medical and drug manufacturing cred- |
| 16 | it determined under section 45BB(a), |
| 17 | plus". |
| 18 | (c) Part of General Business Credit.—Section |
| 19 | 38(b) of such Code is amended by striking "plus" at the |
| 20 | end of paragraph (40), by striking the period at the end |
| 21 | of paragraph (41) and inserting ", plus", and by adding |
| 22 | at the end the following new paragraph: |
| 23 | "(42) the domestic medical and drug manufac- |
| 24 | turing credit determined under section 45BB(a).". |

- 1 (d) Credit Allowed Against Alternative Min-
- 2 IMUM TAX.—Section 38(c)(4)(B) of such Code is amended
- 3 by redesignating clauses (x) through (xii) as clauses (xi)
- 4 through (xiii), respectively, and by inserting after clause
- 5 (ix) the following new clause:
- 6 "(x) the credit determined under sec-
- 7 tion 45BB,".
- 8 (e) Clerical Amendment.—The table of sections
- 9 for subpart D of part IV of subchapter A of chapter 1
- 10 of such Code is amended by adding at the end the fol-
- 11 lowing new item:

"Sec. 45BB. Domestic medical and drug manufacturing credit.".

- 12 (f) Effective Date.—The amendments made by
- 13 this section shall apply to taxable years beginning after
- 14 December 31, 2021.
- 15 SEC. 3. QUALIFYING ADVANCED MEDICAL MANUFAC-
- 16 TURING EQUIPMENT CREDIT.
- 17 (a) In General.—Subpart E of part IV of sub-
- 18 chapter A of chapter 1 of the Internal Revenue Code of
- 19 1986 is amended by adding at the end the following new
- 20 section:
- 21 "SEC. 48F. QUALIFYING ADVANCED MEDICAL MANUFAC-
- 22 TURING EQUIPMENT CREDIT.
- "(a) In General.—For purposes of section 46, the
- 24 qualifying advanced medical manufacturing equipment
- 25 credit determined under this section for any taxable year

| 1 | is the applicable percentage of the basis of any qualifying |
|----|---|
| 2 | advanced medical manufacturing equipment placed in |
| 3 | service during such taxable year. |
| 4 | "(b) Applicable Percentage.—For purposes of |
| 5 | this section— |
| 6 | "(1) IN GENERAL.—The term 'applicable |
| 7 | percentage'means— |
| 8 | "(A) 30 percent in the case of qualifying |
| 9 | advanced medical manufacturing equipment |
| 10 | which is placed in service before January 1, |
| 11 | 2030, |
| 12 | "(B) 20 percent in the case of qualifying |
| 13 | advanced medical manufacturing equipment |
| 14 | which is placed in service during calendar year |
| 15 | 2030, |
| 16 | "(C) 10 percent in the case of qualifying |
| 17 | advanced medical manufacturing equipment |
| 18 | which is placed in service during calendar year |
| 19 | 2031, and |
| 20 | "(D) 0 percent in the case of qualifying |
| 21 | advanced medical manufacturing equipment |
| 22 | which is placed in service after December 31, |
| 23 | 2031. |
| 24 | "(2) Equipment placed in service in |
| 25 | QUALIFIED OPPORTUNITY ZONES.—In the case of |

| 1 | qualifying advanced medical manufacturing equip- |
|----|--|
| 2 | ment which is placed in service in a qualified oppor- |
| 3 | tunity zone (as defined in section 1400Z-1), the per- |
| 4 | centage otherwise determined under subparagraphs |
| 5 | (A), (B), (C) of paragraph (1) shall each be in- |
| 6 | creased by 2.5 percentage points. |
| 7 | "(c) Qualifying Advanced Medical Manufac- |
| 8 | TURING EQUIPMENT.—For purposes of this section, the |
| 9 | term 'qualifying advanced medical manufacturing equip- |
| 10 | ment' means property— |
| 11 | "(1) which is machinery or equipment that is |
| 12 | designed and used to manufacture a specified med- |
| 13 | ical product (as defined in section $45BB(c)(4)(B)$), |
| 14 | "(2) which has been identified by the Secretary |
| 15 | (after consultation with the Secretary of Health and |
| 16 | Human Services) as machinery or equipment that— |
| 17 | "(A) incorporates novel technology or uses |
| 18 | an established technique or technology in a new |
| 19 | or innovative way, or |
| 20 | "(B) that can improve medical product |
| 21 | quality, address shortages of medicines, and |
| 22 | speed time-to-market, |
| 23 | "(3) which is placed in service in the United |
| 24 | States by the taxpayer, and |

| 1 | "(4) with respect to which depreciation is allow- |
|----|--|
| 2 | able. |
| 3 | "(d) Certain Qualified Progress Expendi- |
| 4 | TURES RULES MADE APPLICABLE.—Rules similar to the |
| 5 | rules of subsections $(e)(4)$ and (d) of section 46 (as in |
| 6 | effect on the day before the enactment of the Revenue |
| 7 | Reconciliation Act of 1990) shall apply for purposes of |
| 8 | this section. |
| 9 | "(e) Regulations.—The Secretary shall prescribe |
| 10 | such regulations or other guidance as may be necessary |
| 11 | to carry out the purposes of this section, including regula- |
| 12 | tions which prevent abuse or fraud.". |
| 13 | (b) Treatment Under Base Erosion Tax.—Sec- |
| 14 | tion 59A(b)(1)(B)(ii) of such Code, as amended by the |
| 15 | preceding provisions of this Act, is amended by striking |
| 16 | "plus" at the end of subclause (II), by redesignating sub- |
| 17 | clause (III) as subclause (IV), and by inserting after sub- |
| 18 | clause (II) the following new subclause: |
| 19 | "(III) the credit allowed under |
| 20 | section 46 for the taxable year which |
| 21 | is properly allocable to the qualifying |
| 22 | advanced medical manufacturing |
| 23 | equipment credit determined under |
| 24 | section 48F(a), plus". |

- 1 (c) Part of Investment Credit.—Section 46 of
- 2 such Code is amended by striking "and" at the end of
- 3 paragraph (5), by striking the period at the end of para-
- 4 graph (6) and inserting ", and", and by adding at the
- 5 end the following new paragraph:
- 6 "(7) the qualifying advanced medical manufac-
- 7 turing equipment credit.".
- 8 (d) Clerical Amendment.—The table of sections
- 9 for subpart D of part IV of subchapter A of chapter 1
- 10 of such Code is amended by adding at the end the fol-
- 11 lowing new item:
 - "Sec. 48F. Qualifying advanced medical manufacturing equipment credit.".
- (e) Effective Date.—The amendments made by
- 13 this section shall apply to periods after the date of the
- 14 enactment of this section under rules similar to the rules
- 15 of section 48(m) of the Internal Revenue Code of 1986
- 16 (as in effect on the date of the enactment of the Revenue
- 17 Reconciliation Act of 1990).
- 18 SEC. 4. MEDICAL MANUFACTURING EPA COMPLIANCE
- 19 **CREDIT.**
- 20 (a) IN GENERAL.—Subpart E of part IV of sub-
- 21 chapter A of chapter 1 of the Internal Revenue Code of
- 22 1986, as amended by the preceding provisions of this Act,
- 23 is amended by adding at the end the following new section:

| 1 | "SEC. 48G. MEDICAL MANUFACTURING EPA COMPLIANCE |
|----|--|
| 2 | CREDIT. |
| 3 | "(a) In General.—For purposes of section 46, the |
| 4 | medical manufacturing EPA compliance credit determined |
| 5 | under this section for any taxable year is the applicable |
| 6 | percentage of the basis of any qualifying medical manufac- |
| 7 | turing EPA compliance property placed in service during |
| 8 | such taxable year. |
| 9 | "(b) Applicable Percentage.—For purposes of |
| 10 | this section— |
| 11 | "(1) In general.—The term 'applicable per- |
| 12 | centage' means— |
| 13 | "(A) 30 percent in the case of qualifying |
| 14 | medical manufacturing EPA compliance prop- |
| 15 | erty which is placed in service before January |
| 16 | 1, 2030, |
| 17 | "(B) 20 percent in the case of qualifying |
| 18 | medical manufacturing EPA compliance prop- |
| 19 | erty which is placed in service during calendar |
| 20 | year 2030, |
| 21 | "(C) 10 percent in the case of qualifying |
| 22 | medical manufacturing EPA compliance prop- |
| 23 | erty which is placed in service during calendar |
| 24 | year 2031, and |
| 25 | "(D) 0 percent in the case of qualifying |
| 26 | medical manufacturing EPA compliance prop- |

| 1 | erty which is placed in service after December |
|----|--|
| 2 | 31, 2031. |
| 3 | "(2) Property placed in Service in Quali- |
| 4 | FIED OPPORTUNITY ZONES.—In the case of quali- |
| 5 | fying medical manufacturing EPA compliance prop- |
| 6 | erty which is placed in service in a qualified oppor- |
| 7 | tunity zone (as defined in section 1400Z-1), the per- |
| 8 | centage otherwise determined under subparagraphs |
| 9 | (A), (B), (C) of paragraph (1) shall each be in- |
| 10 | creased by 2.5 percentage points. |
| 11 | "(c) Qualifying Medical Manufacturing EPA |
| 12 | COMPLIANCE PROPERTY.—For purposes of this section, |
| 13 | the term 'qualifying medical manufacturing EPA compli- |
| 14 | ance equipment' means property— |
| 15 | "(1) which is used by the taxpayer in the trade |
| 16 | or business of manufacturing a specified medical |
| 17 | product (as defined in section 45BB(e)(4)(B)), |
| 18 | "(2) which is used to meet emissions limits |
| 19 | under the Clean Air Act or wastewater standards |
| 20 | under the Clean Water Act, |
| 21 | "(3) which is placed in service in the United |
| 22 | States by the taxpayer, |
| 23 | "(4) with respect to which depreciation is allow- |
| 24 | able, and |

| 1 | "(5) which is not qualifying advanced medical |
|----|--|
| 2 | manufacturing equipment (as defined in section |
| 3 | 48F). |
| 4 | "(d) Certain Qualified Progress Expendi- |
| 5 | TURES RULES MADE APPLICABLE.—Rules similar to the |
| 6 | rules of subsections $(c)(4)$ and (d) of section 46 (as in |
| 7 | effect on the day before the enactment of the Revenue |
| 8 | Reconciliation Act of 1990) shall apply for purposes of |
| 9 | this section. |
| 10 | "(e) REGULATIONS.—The Secretary shall prescribe |
| 11 | such regulations or other guidance as may be necessary |
| 12 | to carry out the purposes of this section, including regula- |
| 13 | tions which prevent abuse or fraud.". |
| 14 | (b) Treatment Under Base Erosion Tax.—Sec- |
| 15 | tion $59A(b)(1)(B)(ii)$ of such Code, as amended by the |
| 16 | preceding provisions of this Act, is further amended by |
| 17 | striking "plus" at the end of subclause (III), by redesig- |
| 18 | nating subclause (IV) as subclause (V), and by inserting |
| 19 | after subclause (III) the following new subclause: |
| 20 | "(IV) the credit allowed under |
| 21 | section 46 for the taxable year which |
| 22 | is properly allocable to the medical |
| 23 | manufacturing EPA compliance credit |
| 24 | determined under section 48G(a), |
| 25 | plus". |

- 1 (c) Part of Investment Credit.—Section 46 of
- 2 such Code, as amended by the preceding provisions of this
- 3 Act, is amended by striking "and" at the end of paragraph
- 4 (6), by striking the period at the end of paragraph (7)
- 5 and inserting ", and", and by adding at the end the fol-
- 6 lowing new paragraph:
- 7 "(8) the medical manufacturing EPA compli-
- 8 ance credit.".
- 9 (d) CLERICAL AMENDMENT.—The table of sections
- 10 for subpart D of part IV of subchapter A of chapter 1
- 11 of such Code, as amended by the preceding provisions of
- 12 this Act, is amended by adding at the end the following
- 13 new item:

"Sec. 48G. Medical manufacturing EPA compliance credit.".

- (e) Effective Date.—The amendments made by
- 15 this section shall apply to periods after the date of the
- 16 enactment of this section under rules similar to the rules
- 17 of section 48(m) of the Internal Revenue Code of 1986
- 18 (as in effect on the date of the enactment of the Revenue
- 19 Reconciliation Act of 1990).
- 20 SEC. 5. REPORTS TO CONGRESS REGARDING SUPPLY
- 21 CHAIN RESILIENCY.
- 22 (a) Internal Revenue Service.—The Commis-
- 23 sioner of Internal Revenue shall submit to Congress an
- 24 annual report (beginning with calendar year 2026) regard-
- 25 ing the utilization of the credits allowed under sections

- 1 45BB, 48F, and 48G of the Internal Revenue Code of
- 2 1986 (as amended by this Act).
- 3 (b) Department of Veterans Affairs.—The
- 4 Secretary of Veterans Affairs shall submit to Congress an
- 5 annual report (beginning with calendar year 2026) regard-
- 6 ing the impact of the credits allowed under sections 45BB,
- 7 48F, and 48G of the Internal Revenue Code of 1986 (as
- 8 amended by this Act) on compliance with procurement of
- 9 domestically manufactured drugs, biologics, active phar-
- 10 maceutical ingredients, countermeasures and devices
- 11 under the Buy American Act of 1933 (41 U.S.C. 8301–
- 12 8303).
- 13 (c) Department of Defense.—The Secretary of
- 14 Defense shall submit to Congress an annual report (begin-
- 15 ning with calendar year 2026) regarding the impact of the
- 16 credits allowed under sections 45BB, 48F, and 48G of the
- 17 Internal Revenue Code of 1986 (as amended by this Act)
- 18 on compliance with procurement of domestically manufac-
- 19 tured drugs, biologics, active pharmaceutical ingredients,
- 20 countermeasures and devices under the Buy American Act
- 21 of 1933 ((41 U.S.C. 8301–8303).
- 22 (d) FOOD AND DRUG ADMINISTRATION.—The Com-
- 23 missioner of Food and Drugs shall submit to Congress an
- 24 annual report (beginning with calendar year 2026) regard-
- 25 ing the impact of the credits allowed under sections 45BB,

- 1 48F, and 48G of the Internal Revenue Code of 1986 (as
- 2 amended by this Act) on drug and device shortages.