To amend the Internal Revenue Code of 1986 to provide incentives for relocating manufacturing of pharmaceuticals and medical supplies and devices to the United States.

IN THE SENATE OF THE UNITED STATES

Mrs. LOEFFLER (for herself, Ms. ERNST, and Mr. CRUZ) introduced the following bill; which was read twice and referred to the Committee on

A BILL

To amend the Internal Revenue Code of 1986 to provide incentives for relocating manufacturing of pharmaceuticals and medical supplies and devices to the United States.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3
4 SECTION 1. SHORT TITLE.
5 This Act may be cited as the “Bring Entrepreneurial
6 Advancements To Consumers Here In North America
7 Act”.
8
9 SEC. 2. FINDINGS.
10 Congress finds as follows:

PY6 KG KPW
(1) In late December 2019, authorities in the city of Wuhan in China’s Hubei Province reported a cluster of pneumonia cases of unknown cause.

(2) The Government of the People’s Republic of China eventually identified the cause of the outbreak to be a novel coronavirus that would later be understood to cause a respiratory illness in humans, known as COVID–19.

(3) The pandemic spread of COVID–19 and the geographic location of its origin caused reverberations in medical supply chains that reached around the world.

(4) The COVID–19 pandemic highlights the United States dependency on China for critical medical supplies and pharmaceutical products.


(6) According to the United States Food and Drug Administration, as of 2018, China is the largest exporter of medical devices and the second largest exporter of drugs and biologics to the United States.
(7) Chinese pharmaceutical companies produce more than 90 percent of the supply of antibiotics, vitamin C, ibuprofen, and hydrocortisone in the United States.

(8) In March 2020, Xinhua News Service, a Chinese state-controlled news agency, reprinted an article insinuating that if China were to announce its “strategic control” of medical products and ban exports to the United States, “the United States would be plunged into the vast ocean of novel coronavirus.”

(9) The ability of the Government of the People’s Republic of China and the Chinese Communist Party to control the medical supply chain poses a risk to the national security of the United States.

(10) Companies should be incentivized through a competitive tax structure to manufacture and produce pharmaceuticals and medical devices in the United States.

SEC. 3. TAX INCENTIVES FOR RELOCATING MANUFACTURING OF PHARMACEUTICALS AND MEDICAL SUPPLIES AND DEVICES TO THE UNITED STATES.

(a) ACCELERATED DEPRECIATION FOR NONRESIDENTIAL REAL PROPERTY.—Section 168 of the Internal
Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(n) Accelerated Depreciation for Nonresidential Real Property Acquired in Connection with the Relocation of Manufacturing of Pharmaceuticals and Medical Supplies and Devices to the United States.—

“(1) Treatment as 20-Year Property.—For purposes of this section, qualified nonresidential real property shall be treated as 20-year property.

“(2) Application of Bonus Depreciation.—For application of bonus depreciation to qualified nonresidential real property, see subsection (k).

“(3) Qualified Nonresidential Real Property.—For purposes of this subsection, the term ‘qualified nonresidential real property’ means nonresidential real property placed in service in the United States by a qualified manufacturer if such property is acquired by such qualified manufacturer in connection with a qualified relocation of manufacturing.

“(4) Qualified Manufacturer.—For purposes of this subsection, the term ‘qualified manufacturer’ means any person engaged in the trade or
business of manufacturing a qualified medical product.

“(5) QUALIFIED MEDICAL PRODUCT.—For purposes of this subsection, the term ‘qualified medical product’ means any pharmaceutical, medical device, or medical supply.

“(6) QUALIFIED RELOCATION OF MANUFACTURING.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘qualified relocation of manufacturing’ means, with respect to any qualified manufacturer, the relocation of the manufacturing of a qualified medical product from a foreign country to the United States.

“(B) RELOCATION OF PROPERTY NOT REQUIRED.—For purposes of subparagraph (A), manufacturing shall not fail to be treated as relocated merely because property used in such manufacturing was not relocated.

“(C) RELOCATION OF NOT LESS THAN EQUIVALENT PRODUCTIVE CAPACITY REQUIRED.—For purposes of subparagraph (A), manufacturing shall not be treated as relocated unless the property manufactured in the United States is substantially identical to the property
previously manufactured in a foreign country and the increase in the units of production of such property in the United States by the qualified manufacturer is not less than the reduction in the units of production of such property in such foreign country by such qualified manufacturer.

“(7) Application to possessions of the United States.—For purposes of this subsection, the term ‘United States’ includes any possession of the United States.”.

(b) Exclusion of Gain on Disposition of Property in Connection With Qualified Relocation of Manufacturing.—

(1) In general.—Part III of subchapter B of chapter 1 of such Code is amended by inserting after section 139H the following new section:

“SEC. 139I. EXCLUSION OF GAIN ON DISPOSITION OF PROPERTY IN CONNECTION WITH QUALIFIED RELOCATION OF MANUFACTURING.

“(a) In General.—In the case of a qualified manufacturer, gross income shall not include gain from the sale or exchange of qualified relocation disposition property.

“(b) Qualified Relocation Disposition Property.—For purposes of this section, the term ‘qualified
relocation disposition property’ means any property which—

“(1) is sold or exchanged by a qualified manufacturer in connection with a qualified relocation of manufacturing, and

“(2) was used by such qualified manufacturer in the trade or business of manufacturing a qualified medical product in the foreign country from which such manufacturing is being relocated.

“(c) OTHER TERMS.—Terms used in this section which are also used in subsection (n) of section 168 shall have the same meaning when used in this section as when used in such subsection.”.

(2) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 of such Code is amended by inserting after the item relating to section 139H the following new item:

“Sec. 139I. Exclusion of gain on disposition of property in connection with qualified relocation of manufacturing.”.

(e) EFFECTIVE DATES.—

(1) ACCELERATED DEPRECIATION.—The amendment made by subsection (a) shall apply to property placed in service after the date of the enactment of this Act.
(2) Exclusion of Gain.—The amendments made by subsection (b) shall apply to sales and exchanges after the date of the enactment of this Act.