

108TH CONGRESS
1ST SESSION

H. R. 354

To amend the Internal Revenue Code of 1986 to allow drug manufacturers a credit against income tax if they certify that the price of a drug in the United States market is not greater than its price in the Canadian or Mexican market.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 27, 2003

Mr. DUNCAN 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 allow drug manufacturers a credit against income tax if they certify that the price of a drug in the United States market is not greater than its price in the Canadian or Mexican market.

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 “North American Pre-
5 scription Price Equity Act of 2003”.

1 **SEC. 2. CREDIT TO DRUG MANUFACTURERS SELLING IN**
2 **THE U.S. MARKET AT PRICES NOT GREATER**
3 **THAN PRICES IN CANADIAN OR MEXICAN**
4 **MARKET.**

5 (a) IN GENERAL.—Subpart D of part IV of sub-
6 chapter A of chapter 1 of the Internal Revenue Code of
7 1986 (relating to business related credits) is amended by
8 inserting after section 45F the following new section:

9 **“SEC. 45G. CREDIT TO DRUG MANUFACTURERS SELLING IN**
10 **THE U.S. MARKET AT PRICES NOT GREATER**
11 **THAN PRICES IN CANADIAN OR MEXICAN**
12 **MARKET.**

13 “(a) IN GENERAL.—For purposes of section 38, in
14 the case of a taxpayer who manufactures any qualified
15 prescription drug, the drug pricing credit determined
16 under this section for the taxable year is an amount equal
17 to 5 percent of the wholesale price of the drug with respect
18 to sales during the taxable year.

19 “(b) QUALIFIED PRESCRIPTION DRUG.—For pur-
20 poses of this section, the term ‘qualified prescription drug’
21 means any prescription drug if—

22 “(1) there are substantial sales of such drug in
23 the Canadian or Mexican markets, and

24 “(2) there is a certification by the manufac-
25 turer that the wholesale price of the drug in the
26 United States market is not greater than the whole-

1 sale price of the drug in the Canadian and Mexican
2 markets.”

3 (b) CREDIT MADE PART OF GENERAL BUSINESS
4 CREDIT.—

5 (1) IN GENERAL.—Subsection (b) of section 38
6 of such Code (relating to current year business cred-
7 it) is amended by striking “plus” at the end of para-
8 graph (14), by striking the period at the end of
9 paragraph (15) and inserting “, plus”, and by add-
10 ing at the end thereof the following new paragraph:

11 “(16) the drug pricing credit determined under
12 section 45G(a).”.

13 (2) LIMITATION ON CARRYBACK.—Subsection
14 (d) of section 39 of such Code is amended by adding
15 at the end the following new paragraph:

16 “(11) NO CARRYBACK OF DRUG PRICING CRED-
17 IT BEFORE EFFECTIVE DATE.—No portion of the
18 unused business credit for any taxable year which is
19 attributable to the credit determined under section
20 45G may be carried back to any taxable year ending
21 before the date of the enactment of this para-
22 graph.”.

23 (3) DEDUCTION FOR CERTAIN UNUSED BUSI-
24 NESS CREDITS.—Subsection (c) of section 196 of
25 such Code is amended by striking “and” at the end

1 of paragraph (9), by striking the period at the end
2 of paragraph (10) and inserting “, and”, and by
3 adding after paragraph (10) the following new para-
4 graph:

5 “(11) the drug pricing credit determined under
6 section 45G.”.

7 (d) CLERICAL AMENDMENT.—The table of sections
8 for subpart D of part IV of subchapter A of chapter 1
9 of such Code is amended by inserting after the item relat-
10 ing to section 45F the following new item:

“Sec. 45G. Credit to drug manufacturers selling in the U.S. mar-
ket at prices not greater than prices in Canadian
or Mexican market.”.

11 (e) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 the date of the enactment of this Act.

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