

116TH CONGRESS
2D SESSION

H. R. 6690

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 HOUSE OF REPRESENTATIVES

MAY 1, 2020

Mr. ROY 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 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 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Bring Entrepreneurial
5 Advancements To Consumers Here In North America
6 Act”.

7 **SEC. 2. FINDINGS.**

8 Congress finds as follows:

1 (1) On December 31, 2019, China reported a
2 cluster of cases of pneumonia in Wuhan, Hubei
3 Province.

4 (2) On January 7, 2020, Chinese authorities
5 identified the virus as a novel coronavirus which
6 would later be understood to cause a respiratory ill-
7 ness in humans, known as COVID-19.

8 (3) The spread of the coronavirus and the geo-
9 graphic location of the original outbreak caused re-
10 verberations in medical supply chains that reached
11 around the world.

12 (4) The Coronavirus pandemic highlights the
13 United States dependency on China for critical med-
14 ical supplies and pharmaceuticals.

15 (5) China is the largest exporter of medical de-
16 vices to the United States.

17 (6) China is the second largest exporter of
18 drugs and biologics, or drugs from natural sources,
19 to the United States.

20 (7) Chinese pharmaceutical companies produce
21 more than 90 percent of our supply of antibiotics,
22 vitamin C, ibuprofen, and hydrocortisone.

23 (8) China is a communist regime and geo-
24 political adversary. China should not control the

1 United States pharmaceutical and medical device
2 supply chains.

3 (9) A recent article in the state-controlled news
4 agency, Xinhua stated, “If China retaliates against
5 the United States at this time . . . it will also an-
6 nounce strategic control over medical products and
7 ban exports to the United States. Then the United
8 States will be caught in the ocean of the new
9 coronaviruses.”.

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

14 **SEC. 3. TAX INCENTIVES FOR RELOCATING MANUFAC-**
15 **TURING OF PHARMACEUTICALS AND MED-**
16 **ICAL SUPPLIES AND DEVICES TO THE**
17 **UNITED STATES.**

18 (a) ACCELERATED DEPRECIATION FOR NONRESI-
19 DENTIAL REAL PROPERTY.—Section 168 of the Internal
20 Revenue Code of 1986 is amended by adding at the end
21 the following new subsection:

22 “(n) ACCELERATED DEPRECIATION FOR NONRESI-
23 DENTIAL REAL PROPERTY ACQUIRED IN CONNECTION
24 WITH THE RELOCATION OF MANUFACTURING OF PHAR-

1 PHARMACEUTICALS AND MEDICAL SUPPLIES AND DEVICES TO
2 THE UNITED STATES.—

3 “(1) TREATMENT AS 20-YEAR PROPERTY.—For
4 purposes of this section, qualified nonresidential real
5 property shall be treated as 20-year property.

6 “(2) APPLICATION OF BONUS DEPRECIATION.—
7 For application of bonus depreciation to qualified
8 nonresidential real property, see subsection (k).

9 “(3) QUALIFIED NONRESIDENTIAL REAL PROP-
10 erty.—For purposes of this subsection, the term
11 ‘qualified nonresidential real property’ means non-
12 residential real property placed in service in the
13 United States by a qualified manufacturer if such
14 property is acquired by such qualified manufacturer
15 in connection with a qualified relocation of manufac-
16 turing.

17 “(4) QUALIFIED MANUFACTURER.—For pur-
18 poses of this subsection, the term ‘qualified manu-
19 facturer’ means any person engaged in the trade or
20 business of manufacturing a qualified medical prod-
21 uct.

22 “(5) QUALIFIED MEDICAL PRODUCT.—For pur-
23 poses of this subsection, the term ‘qualified medical
24 product’ means any pharmaceutical, medical device,
25 or medical supply.

1 “(6) QUALIFIED RELOCATION OF MANUFAC-
2 TURING.—For purposes of this subsection—

3 “(A) IN GENERAL.—The term ‘qualified
4 relocation of manufacturing’ means, with re-
5 spect to any qualified manufacturer, the reloca-
6 tion of the manufacturing of a qualified medical
7 product from a foreign country to the United
8 States.

9 “(B) RELOCATION OF PROPERTY NOT RE-
10 QUIRED.—For purposes of subparagraph (A),
11 manufacturing shall not fail to be treated as re-
12 located merely because property used in such
13 manufacturing was not relocated.

14 “(C) RELOCATION OF NOT LESS THAN
15 EQUIVALENT PRODUCTIVE CAPACITY RE-
16 QUIRED.—For purposes of subparagraph (A),
17 manufacturing shall not be treated as relocated
18 unless the property manufactured in the United
19 States is substantially identical to the property
20 previously manufactured in a foreign country
21 and the increase in the units of production of
22 such property in the United States by the quali-
23 fied manufacturer is not less than the reduction
24 in the units of production of such property in

1 such foreign country by such qualified manufac-
2 turer.

3 “(7) APPLICATION TO POSSESSIONS OF THE
4 UNITED STATES.—For purposes of this subsection,
5 the term ‘United States’ includes any possession of
6 the United States.”.

7 (b) EXCLUSION OF GAIN ON DISPOSITION OF PROP-
8 ERTY IN CONNECTION WITH QUALIFIED RELOCATION OF
9 MANUFACTURING.—

10 (1) IN GENERAL.—Part III of subchapter B of
11 chapter 1 of such Code is amended by inserting
12 after section 139H the following new section:

13 **“SEC. 139I. EXCLUSION OF GAIN ON DISPOSITION OF PROP-**
14 **ERTY IN CONNECTION WITH QUALIFIED RE-**
15 **LOCATION OF MANUFACTURING.**

16 “(a) IN GENERAL.—In the case of a qualified manu-
17 facturer, gross income shall not include gain from the sale
18 or exchange of qualified relocation disposition property.

19 “(b) QUALIFIED RELOCATION DISPOSITION PROP-
20 ERTY.—For purposes of this section, the term ‘qualified
21 relocation disposition property’ means any property
22 which—

23 “(1) is sold or exchanged by a qualified manu-
24 facturer in connection with a qualified relocation of
25 manufacturing, and

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

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

9 (2) CLERICAL AMENDMENT.—The table of sec-
 10 tions for part III of subchapter B of chapter 1 of
 11 such Code is amended by inserting after the item re-
 12 lating to section 139H the following new item:

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

13 (c) EFFECTIVE DATES.—

14 (1) ACCELERATED DEPRECIATION.—The
 15 amendment made by subsection (a) shall apply to
 16 property placed in service after the date of the en-
 17 actment of this Act.

18 (2) EXCLUSION OF GAIN.—The amendments
 19 made by subsection (b) shall apply to sales and ex-
 20 changes after the date of the enactment of this Act.

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