



WAYS AND MEANS

REPUBLICANS | KEVIN BRADY, REPUBLICAN LEADER

AGENDA FOR A HEALTHY ECONOMY

American Made Medicines:

Part 1: Advanced Medical Manufacturing Equipment Credit

Rep. Brad Wenstrup (R-OH)

Since the enactment of the Tax Cuts and Jobs Act, U.S. manufacturing has seen a resurgence after years of decline. Now is the time to continue that growth and become the leader of next-generation advanced manufacturing.

The Advanced Medical Manufacturing Equipment Credit:

- Helps the United States regain its status as a global leader in manufacturing
- Retain and create high paying jobs
- Support domestic innovation
- Enhance national security and public health

The Director of the FDA's Center for Drug Evaluation and Research [has praised advanced manufacturing](#), saying it could:

- Enable U.S.-based pharmaceutical manufacturing to regain its competitiveness with China and other foreign countries
- Potentially ensure a stable supply of drugs critical to the health of U.S. patients
- Increase the resilience of our domestic manufacturing base
- Reduce quality issues that trigger drug shortages or recalls

America should be a leader in advanced manufacturing, which is manufacturing using processes that depend on the coordination of information, automation, computation, software, sensing, and networking, and makes use of cutting-edge materials and emerging scientific capabilities.

How it works:

- 30 percent tax credit for new investments in advanced manufacturing equipment or machinery used in the U.S. to manufacture drugs, medical devices, or biological products.
- The credit phases down to 20 percent in 2028, 10 percent in 2029, and phases out in 2030.

American Made Medicines:
Part 2: Domestic Medical and Drug Manufacturing Tax Credit

Rep. Brad Wenstrup (R-OH)

Multinational firms, including pharmaceutical companies, move manufacturing to where costs, including tax rates, are low. Consumers may enjoy lower costs, but fewer drugs—and their components—are manufactured in the United States.

The global pandemic has shined a light on the U.S. dependency on foreign medical drug and countermeasures manufacturing. We need greater domestic manufacturing capacity.

Domestic Medical and Drug Manufacturing Tax Credit

- Encourages domestic production of these important medical products.
- Creates U.S. manufacturing jobs and allows U.S. manufacturers to better compete globally.
- Incentivizes the domestic manufacturing capability of API and medical countermeasures in case a future need arises.

How it works:

- Lowers tax rate on the income from the domestic manufacturing and sales of active pharmaceutical ingredients (API) and medical countermeasures.
- By providing a credit of 10.5 percent of the net income from the sale of these important medical products, this effectively cuts the corporate tax rate from 21 percent in half on eligible profits.
- The credit is limited by the wages allocable to the domestic production, which supports good high-paying jobs in the United States.