

[DISCUSSION DRAFT]110TH CONGRESS
1ST SESSION**H. R.** _____

To amend the Internal Revenue Code of 1986 to provide a credit against tax for expenses paid or incurred in non-clinical research for neglected diseases.

IN THE HOUSE OF REPRESENTATIVES

M____. _____ introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to provide a credit against tax for expenses paid or incurred in non-clinical research for neglected diseases.

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. CREDIT FOR NON-CLINICAL TESTING EX-**
4 **PENSES FOR NEGLECTED DISEASE TREAT-**
5 **MENTS.**

6 (a) IN GENERAL.—Subpart D of part IV of sub-
7 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to business related credits) is amended by
2 adding at the end the following:

3 **“SEC. 450. NON-CLINICAL TESTING EXPENSES FOR NE-**
4 **GLECTED DISEASE TREATMENTS.**

5 “(a) IN GENERAL.—For purposes of section 38, the
6 credit determined under this section for the taxable year
7 is an amount equal to 50 percent of the qualified non-
8 clinical research expenses for the taxable year.

9 “(b) QUALIFIED NON-CLINICAL RESEARCH EX-
10 PENSES.—

11 “(1) IN GENERAL.—For purposes of this sec-
12 tion, the term ‘qualified non-clinical research ex-
13 penses’ means the amounts which are paid or in-
14 curred by the taxpayer during the taxable year
15 which would be described in subsection (b) of section
16 41 if such subsection were applied with the modifica-
17 tions set forth in paragraph (2).

18 “(2) MODIFICATIONS.—For purposes of para-
19 graph (1), subsection (b) of section 41 shall be ap-
20 plied—

21 “(A) by substituting ‘non-clinical research’
22 for ‘qualified research’ each place it appears in
23 paragraph (2) and (3) of such subsection, and

1 “(B) by substituting ‘100 percent’ for ‘65
2 percent’ in paragraph (3)(A) of such sub-
3 section.

4 “(3) DONATION OF RIGHTS TO TREATMENT RE-
5 QUIRED.—No credit shall be allowed under this sec-
6 tion with respect to qualified non-clinical research
7 expenses for a taxable year unless—

8 “(A) during such taxable year, or in a pre-
9 vious taxable year, the taxpayer has made a
10 charitable contribution (as defined in section
11 170(c)) of a license for the treatment with re-
12 spect to which such qualified non-clinical re-
13 search expenses were paid or incurred,

14 “(B) such charitable contribution is made
15 to an organization the principal purpose of
16 which is to research, develop, or administer
17 treatments for neglected conditions or diseases,

18 “(C) the only licensing rights retained by
19 the taxpayer with respect to such treatment are
20 for an indication which is not a neglected condi-
21 tion or disease, and

22 “(D) no deduction has been allowed under
23 any provision of this title with respect to such
24 contribution.

1 “(c) DEFINITION AND SPECIAL RULES.—For pur-
2 poses of this section—

3 “(1) NON-CLINICAL RESEARCH.—The term
4 ‘non-clinical research’ means any research relating
5 to the development of a treatment for a neglected
6 disease or condition to the extent such reasearch is
7 not human clinical testing with respect to such
8 treatment.

9 “(2) NEGLECTED DISEASE OR CONDITION.—
10 The term ‘neglected disease or condition’ means any
11 of the following:

12 “(A) African trypanosomiasis.

13 “(B) Dengue fever.

14 “(C) Leishmaniasis.

15 “(D) Malaria.

16 “(E) Schistosomiasis.

17 “(F) Tuberculosis.

18 “(G) Chagas disease.

19 “(H) Leprosy.

20 “(I) Lymphatic filariasis.

21 “(J) Onchocerciasis.

22 “(3) CERTAIN RULES MADE APPLICABLE.—
23 Rules similar to the rules of paragraphs (1) and (2)
24 of section 41(f), paragraph (4) of section 41(d), and

1 subsections (b)(1)(C) and (c) of section 45C shall
2 apply for purposes of this section.

3 “(4) TREATMENT AS TRADE OR BUSINESS EX-
4 PENSE.—For purposes of this section and section
5 174, whether a qualified non-clinical research ex-
6 pense (determined after the application of this para-
7 graph) is paid or incurred in connection with the
8 taxpayer’s trade or business shall be determined
9 without regard to any contribution of licensing
10 rights described in subsection (b)(2).”.

11 (b) CREDIT TO BE PART OF GENERAL BUSINESS
12 CREDIT.—Subsection (b) of section 38 of such Code (re-
13 lating to current year business credit) is amended by strik-
14 ing “plus” at the end of paragraph (30), by striking the
15 period at the end of paragraph (31) and inserting “, plus”,
16 and by adding at the end the following new paragraph:

17 “(32) the neglected disease credit determined
18 under section 45O.”.

19 (c) CLERICAL AMENDMENT.—The table of sections
20 for subpart D of part IV of subchapter A of chapter 1
21 of the such Code is amended by adding at the end the
22 following new item:

“45O. Non-clinical testing expenses for neglected disease treatments.”.

23 (d) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to taxable years beginning after
25 December 31, 2007.