

118TH CONGRESS
1ST SESSION

H. R. 5821

To amend the Internal Revenue Code of 1986 to provide for a credit against tax for expenses for translational research regarding neurodegenerative diseases and psychiatric conditions.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 28, 2023

Mr. THOMPSON of California (for himself and Mr. KELLY of Pennsylvania) 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 for a credit against tax for expenses for translational research regarding neurodegenerative diseases and psychiatric conditions.

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 “Mental Health Re-
5 search Accelerator Act of 2023”.

1 **SEC. 2. EXPENSES FOR CERTAIN TRANSLATIONAL RE-**
2 **SEARCH.**

3 (a) IN GENERAL.—Subpart D of part IV of sub-
4 chapter A of chapter 1 of the Internal Revenue Code of
5 1986 is amended by adding at the end the following new
6 section:

7 **“SEC. 45BB. EXPENSES FOR CERTAIN TRANSLATIONAL RE-**
8 **SEARCH.**

9 “(a) ALLOWANCE OF CREDIT.—For purposes of sec-
10 tion 38, the translational research credit determined under
11 this section for any taxable year shall be an amount equal
12 to 25 percent of the amounts paid or incurred by the tax-
13 payer during such taxable year which are necessary for
14 translational research regarding neurodegenerative dis-
15 eases and psychiatric conditions.

16 “(b) LIMITATION.—

17 “(1) TAXPAYER LIMITATION.—The credit al-
18 lowed under this section to a taxpayer for a taxable
19 year beginning in any calendar year shall not exceed
20 the portion of the limitation amount allocated to the
21 taxpayer under this subsection reduced by the
22 amount of credit allowed to the taxpayer under this
23 section for all prior taxable years.

24 “(2) AGGREGATE NATIONAL LIMITATION.—

1 “(A) IN GENERAL.—There is a
2 translational research credit limitation for each
3 calendar year as follows:

4 “(i) \$1,000,000,000 for 2024.

5 “(ii) \$2,000,000,000 for each of years
6 2025 through 2028.

7 “(iii) \$1,000,000,000 for 2029.

8 “(B) ALLOCATION OF LIMITATION.—As
9 expeditiously as possible, the Secretary shall al-
10 locate among applicants selected by the Sec-
11 retary the limitation under subparagraph (A)
12 for all years.

13 “(C) CARRYOVER OF UNUSED LIMITA-
14 TION.—If the translational research credit limi-
15 tation for any calendar year exceeds the aggre-
16 gate amount allocated under subparagraph (A)
17 for such year, such limitation for the succeeding
18 calendar year shall be increased by the amount
19 of such excess.

20 “(D) REGULATIONS.—The Secretary shall
21 (in consultation with the Secretary of Health
22 and Humans Services, the Administrator of the
23 Food and Drug Administration, and the Direc-
24 tor of the National Institutes of Health) pre-
25 scribe regulations as may be necessary to carry

1 out the purposes of this section, including es-
2 tablishing the application process and the cri-
3 teria for allocation under subparagraph (B).

4 Such regulations shall include the following:

5 “(i) Amounts shall be allocated based
6 on scientific merit.

7 “(ii) Projects should include all
8 phases of the research continuum.

9 “(iii) An emphasis on new thera-
10 peutics and devices targeted at central
11 nervous system disorders and in the neuro-
12 logical and psychiatric fields.

13 “(iv) Standards for repurposing exist-
14 ing drugs and devices for new purposes.

15 “(v) Standards for public-private part-
16 nerships with priority given to collaborative
17 efforts and sharing of intellectual property
18 held by tax exempt entities involved in the
19 project.

20 “(c) TRANSFER OF CREDIT.—

21 “(1) IN GENERAL.—If, with respect to a credit
22 under subsection (a) for any taxable year—

23 “(A) a tax-exempt entity would be the tax-
24 payer (but for this paragraph), and

1 “(B) such entity elects the application of
2 this paragraph for such taxable year with re-
3 spect to all (or any portion specified in such
4 election) of such credit,
5 the eligible project partner specified in such election,
6 and not the tax-exempt entity, shall be treated as
7 the taxpayer for purposes of this title with respect
8 to such credit (or such portion thereof).

9 “(2) DEFINITIONS.—For purposes of this sub-
10 section—

11 “(A) TAX-EXEMPT ENTITY.—The term
12 ‘tax-exempt entity’ means—

13 “(i) a Federal, State, Indian tribal
14 government (as defined in section
15 7701(a)(4)), or local government entity, or
16 any political subdivision, agency, or instru-
17 mentality thereof, and

18 “(ii) an organization described in sec-
19 tion 501(c)(3) and exempt from tax under
20 section 501(a).

21 “(B) ELIGIBLE PROJECT PARTNER.—The
22 term ‘eligible project partner’ means any person
23 who—

1 “(i) is identified in the application for
2 allocation of credit under this section as a
3 project partner, and

4 “(ii) participates in, or provides fund-
5 ing for, the research with respect to which
6 limitation was allocated by the Secretary
7 under subsection (b).

8 “(3) SPECIAL RULES.—

9 “(A) IN GENERAL.—In the case of a credit
10 under subsection (a) which is determined at the
11 partnership level—

12 “(i) for purposes of paragraph (1)(A),
13 a tax-exempt entity shall be treated as the
14 taxpayer with respect to such entity’s dis-
15 tributive share of such credit, and

16 “(ii) the term ‘eligible project partner’
17 shall include any partner of the partner-
18 ship.

19 “(B) TAXABLE YEAR IN WHICH CREDIT
20 TAKEN INTO ACCOUNT.—In the case of any
21 credit (or portion thereof) with respect to which
22 an election is made under paragraph (1), such
23 credit shall be taken into account in the first
24 taxable year of the eligible project partner end-
25 ing with, or after, the tax-exempt entity’s tax-

1 able year with respect to which the credit was
2 determined.

3 “(d) COORDINATION WITH CREDIT FOR INCREASING
4 RESEARCH EXPENDITURES.—

5 “(1) IN GENERAL.—Except as provided in para-
6 graph (2), any expenses taken into account under
7 this section shall not be taken into account for pur-
8 poses of determining the credit allowable under sec-
9 tion 41 for such taxable year.

10 “(2) EXPENSES INCLUDED IN DETERMINING
11 BASE PERIOD RESEARCH EXPENSES.—Any expenses
12 taken into account under this section which are
13 qualified research expenses (within the meaning of
14 section 41(b)) shall be taken into account in deter-
15 mining base period research expenses for purposes of
16 applying section 41 to subsequent taxable years.

17 “(e) TERMINATION.—No credit shall be allowed
18 under this section for any taxable year beginning after De-
19 cember 31, 2033.”.

20 (b) DEDUCTION DISALLOWED.—Section 280C of
21 such Code is amended by adding at the end the following
22 new subsection:

23 “(i) CREDIT FOR CERTAIN TRANSLATIONAL RE-
24 SEARCH.—No deduction shall be allowed for that portion
25 of the expenses taken into account under section 45BB

1 otherwise allowable as a deduction for the taxable year
2 which is equal to the amount of the credit determined for
3 such taxable year under such section.”.

4 (c) CREDIT MADE PART OF GENERAL BUSINESS
5 CREDIT.—Section 38(b) of the Internal Revenue Code of
6 1986 is amended by striking “plus” at the end of para-
7 graph (40), by striking the period at the end of paragraph
8 (41) and inserting “, plus”, and by adding at the end the
9 following new paragraph:

10 “(42) the credit determined under section
11 45BB.”.

12 (d) CLERICAL AMENDMENT.—The table of sections
13 for subpart D of part IV of subchapter A of chapter 1
14 of such Code is amended by adding at the end the fol-
15 lowing new item:

“Sec. 45BB. Expenses for certain translational research.”.

16 (e) EFFECTIVE DATE.—The amendments made by
17 this subsection shall take effect on the date of the enact-
18 ment of this Act.

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