

117TH CONGRESS
2D SESSION

H. R. 7279

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

MARCH 29, 2022

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 2022”.

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. 45U. 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 such
13 taxpayer 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 2022.

5 “(ii) \$2,000,000,000 for each of years
6 2023 through 2027.

7 “(iii) \$1,000,000,000 for 2028.

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 paragraph (2) for
12 all years.

13 “(C) REGULATIONS.—The Secretary shall
14 prescribe regulations as may be necessary to
15 carry out the purposes of this section, including
16 establishing the application process and the cri-
17 teria for allocation under the preceding sen-
18 tence. Such regulations shall include the fol-
19 lowing:

20 “(i) Amounts shall be allocated based
21 on scientific merit.

22 “(ii) Projects should include all
23 phases of the research continuum.

24 “(iii) An emphasis on new thera-
25 peutics and devices targeted at central

1 nervous system disorders and in the neuro-
2 logical and psychiatric fields.

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

5 “(v) Standards for public-private part-
6 nerships with priority given to collaborative
7 efforts and sharing of intellectual property.

8 “(c) TRANSFER OF CREDIT.—

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

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

13 “(B) such entity elects the application of
14 this paragraph for such taxable year with re-
15 spect to all (or any portion specified in such
16 election) of such credit,

17 the eligible project partner specified in such election,
18 and not the tax-exempt entity, shall be treated as
19 the taxpayer for purposes of this title with respect
20 to such credit (or such portion thereof).

21 “(2) DEFINITIONS.—For purposes of this sub-
22 section—

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

1 “(i) a Federal, State, or local govern-
2 ment entity, or any political subdivision,
3 agency, or instrumentality thereof, and

4 “(ii) an organization described in sec-
5 tion 501(c)(3) and exempt from tax under
6 section 501(a).

7 “(B) ELIGIBLE PROJECT PARTNER.—The
8 term ‘eligible project partner’ means any person
9 who—

10 “(i) is identified in the application for
11 allocation of credit under this section as a
12 project partner, and

13 “(ii) participates in, or provides fund-
14 ing for, the research with respect to which
15 limitation was allocated by the Secretary
16 under subsection (b).

17 “(3) SPECIAL RULES.—

18 “(A) IN GENERAL.—In the case of a credit
19 under subsection (a) which is determined at the
20 partnership level—

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

1 “(ii) the term ‘eligible project partner’
2 shall include any partner of the partner-
3 ship.

4 “(B) TAXABLE YEAR IN WHICH CREDIT
5 TAKEN INTO ACCOUNT.—In the case of any
6 credit (or portion thereof) with respect to which
7 an election is made under paragraph (1), such
8 credit shall be taken into account in the first
9 taxable year of the eligible project partner end-
10 ing with, or after, the tax-exempt entity’s tax-
11 able year with respect to which the credit was
12 determined.

13 “(d) COORDINATION WITH CREDIT FOR INCREASING
14 RESEARCH EXPENDITURES.—

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

20 “(2) EXPENSES INCLUDED IN DETERMINING
21 BASE PERIOD RESEARCH EXPENSES.—Any expenses
22 taken into account under this section which are
23 qualified research expenses (within the meaning of
24 section 41(b)) shall be taken into account in deter-

1 mining base period research expenses for purposes of
2 applying section 41 to subsequent taxable years.

3 “(e) TERMINATION.—No credit shall be allowed
4 under this section for any taxable year beginning after De-
5 cember 31, 2032.”.

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

9 “(i) CREDIT FOR CERTAIN TRANSLATIONAL RE-
10 SEARCH.—No deduction shall be allowed for that portion
11 of the expenses taken into account under section 45U oth-
12 erwise allowable as a deduction for the taxable year which
13 is equal to the amount of the credit determined for such
14 taxable year under such section.”.

15 (c) CREDIT MADE PART OF GENERAL BUSINESS
16 CREDIT.—Subsection (b) of section 38 of the Internal
17 Revenue Code of 1986 is amended by striking “plus” at
18 the end of paragraph (32), by striking the period at the
19 end of paragraph (33) and inserting “, plus”, and by add-
20 ing at the end the following new paragraph:

21 “(34) the credit determined under section
22 45U.”.

23 (d) CLERICAL AMENDMENT.—The table of sections
24 for subpart D of part IV of subchapter A of chapter 1

1 of such Code is amended by adding at the end the fol-
2 lowing new item:

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

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

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