

111<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 3156

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

JULY 9, 2009

Mr. PAYNE (for himself, Mr. LEWIS of Georgia, Mr. BRADY of Texas, and Mr. MEEK of Florida) 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 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  
8 1986 (relating to business related credits) is amended by  
9 adding at the end the following:

1 **“SEC. 45R. NON-CLINICAL TESTING EXPENSES FOR NE-**  
2 **GLECTED DISEASE TREATMENTS.**

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

7 “(b) QUALIFIED NON-CLINICAL RESEARCH EX-  
8 PENSES.—

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

16 “(2) MODIFICATIONS.—For purposes of para-  
17 graph (1), subsection (b) of section 41 shall be ap-  
18 plied by substituting ‘non-clinical research’ for  
19 ‘qualified research’ each place it appears in para-  
20 graphs (2) and (3) of such subsection.

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

25 “(A) during such taxable year, or in a pre-  
26 vious taxable year, the taxpayer has made a

1 charitable contribution of a license for the  
2 treatment with respect to which such qualified  
3 non-clinical research expenses were paid or in-  
4 curred and either—

5 “(i) the charitable contribution has  
6 the same meaning as defined in section  
7 170(c) and such charitable contribution is  
8 made to a charitable organization where  
9 the charitable organization licensee re-  
10 searches, develops, or administers treat-  
11 ments for neglected conditions or diseases,  
12 or

13 “(ii) the charitable contribution is  
14 made to a foreign government or any sub-  
15 division or organization owned by the fore-  
16 going, but only if the contribution is made  
17 for exclusively public purposes,

18 “(B) the only commercial rights retained  
19 by the taxpayer with respect to such treatment  
20 are for an indication which is not a neglected  
21 condition or disease, and

22 “(C) 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 research 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                       “(K) Lassa Fever.

23                       “(L) Soil Transmitted Helminthiasis.

24                       “(M) Trachoma.

25                       “(N) Yaws.

1           “(O) Dracunculiasis.

2           “(P) Cholera.

3           “(Q) Buruli Ulcer.

4           “(R) Any other infectious disease for which  
5           there is no significant market in developed na-  
6           tions and disproportionately affects poor and  
7           marginalized populations as determined and  
8           designated by regulation by the Secretary of the  
9           Treasury in consultation with the Secretary of  
10          Health and Human Services.

11          “(3) CERTAIN RULES MADE APPLICABLE.—  
12          Rules similar to the rules of paragraphs (1) and (2)  
13          of section 41(f), paragraph (4) of section 41(d), and  
14          subsections (b)(1)(C) and (c) of section 45C shall  
15          apply for purposes of this section.

16          “(4) TREATMENT AS TRADE OR BUSINESS EX-  
17          PENSE.—For purposes of this section and section  
18          174 whether a qualified non-clinical research ex-  
19          pense (determined after the application of this para-  
20          graph) is paid or incurred in connection with the  
21          taxpayer’s trade or business shall be determined  
22          without regard to any contribution of licensing  
23          rights described in subsection (b)(3).

24          “(5) EXPENSES FOR WHICH CREDITS ARE AL-  
25          LOWABLE.—For purposes of this section, the limita-

1        tions under section 280C are not applicable for pur-  
2        poses of determining whether an expense is deduct-  
3        ible or chargeable to a capital account.”.

4        (b) CREDIT TO BE PART OF GENERAL BUSINESS  
5 CREDIT.—Subsection (b) of section 38 of such Code (re-  
6 lating to current year business credit) is amended by strik-  
7 ing “plus” at the end of paragraph (34), by striking the  
8 period at the end of paragraph (35) and inserting “, plus”,  
9 and by adding at the end the following new paragraph:  
10            “(36) the neglected disease credit determined  
11            under section 45R.”.

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

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

16        (d) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to taxable years beginning after  
18 December 31, 2009.

○