

115TH CONGRESS  
1ST SESSION

# S. 1407

To amend the Internal Revenue Code of 1986 to enhance tax incentives for manufacturing in the United States.

---

IN THE SENATE OF THE UNITED STATES

JUNE 22, 2017

Mr. COONS (for himself and Mrs. CAPITO) introduced the following bill; which was read twice and referred to the Committee on Finance

---

## A BILL

To amend the Internal Revenue Code of 1986 to enhance tax incentives for manufacturing in the United States.

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 “Made in America De-  
5 duction Enhancement (MADE) Act”.

6 **SEC. 2. ENHANCED DEDUCTION FOR CERTAIN DOMESTIC**  
7 **PRODUCTION.**

8 (a) IN GENERAL.—Section 199 of the Internal Rev-  
9 enue Code of 1986 is amended by adding at the end the  
10 following new subsection:

1 “(e) ENHANCED MANUFACTURING DEDUCTION.—

2 “(1) IN GENERAL.—If an eligible taxpayer has  
3 qualified core manufacturing income for any taxable  
4 year, the amount otherwise allowable as a deduction  
5 under subsection (a) shall be increased by the appli-  
6 cable percentage of the least of—

7 “(A) the qualified core manufacturing in-  
8 come of the taxpayer for the taxable year,

9 “(B) the qualified production activities in-  
10 come of the taxpayer for the taxable year, or

11 “(C) taxable income (determined without  
12 regard to this section).

13 “(2) ELIGIBLE TAXPAYER.—For purposes of  
14 this subsection, the term ‘eligible taxpayer’ means,  
15 with respect to any taxable year, any taxpayer if the  
16 domestic input percentage for such taxable year is  
17 more than 75 percent.

18 “(3) DOMESTIC INPUT PERCENTAGE.—For pur-  
19 poses of this subsection—

20 “(A) IN GENERAL.—The term ‘domestic  
21 input percentage’ means the ratio (expressed as  
22 a percentage) of—

23 “(i) domestically produced input costs,  
24 to

1           “(ii) the total costs of direct material  
2           inputs included in the cost of goods sold  
3           which are allocable to gross receipts de-  
4           rived from qualified property.

5           “(B) DOMESTICALLY PRODUCED INPUT  
6           COSTS.—For purposes of subparagraph (A)—

7                   “(i) IN GENERAL.—The term ‘domes-  
8                   tically produced input costs’ means the  
9                   costs described in subparagraph (A)(ii) for  
10                  materials—

11                           “(I) which become an integral  
12                           part of property produced by the eligi-  
13                           ble taxpayer, or

14                                   “(II) which can be identified or  
15                                   associated with particular units or  
16                                   groups of units of property produced  
17                                   by the eligible taxpayer,

18                   if all or virtually all of such material is  
19                   produced in the United States.

20                   “(ii) DETERMINATION.—For purposes  
21                   of this subparagraph—

22                           “(I) the determination of whether  
23                           all or virtually all of a material is pro-  
24                           duced in the United States shall be  
25                           made based on rules similar to the

1 guidelines of the Federal Trade Com-  
2 mission with respect to goods adver-  
3 tised as Made in USA, and

4 “(II) all or virtually all of a ma-  
5 terial shall not be treated as produced  
6 in the United States unless the tax-  
7 payer has a reasonable basis to sup-  
8 port such claim.

9 “(iii) UNITED STATES.—For purposes  
10 of this subparagraph, the United States in-  
11 cludes any possession of the United States.

12 “(4) QUALIFIED CORE MANUFACTURING IN-  
13 COME; QUALIFIED PROPERTY.—For purposes of this  
14 subsection—

15 “(A) IN GENERAL.—The term ‘qualified  
16 core manufacturing income’ means for any tax-  
17 able year the qualified production activities in-  
18 come which is attributable to the manufacture  
19 of qualified property during such taxable year.

20 “(B) QUALIFIED PROPERTY.—The term  
21 ‘qualified property’ means tangible personal  
22 property other than—

23 “(i) a film,

24 “(ii) computer software,

1                   “(iii) property described in section  
2                   168(f)(4),

3                   “(iv) a natural resource extracted by  
4                   the taxpayer, or

5                   “(v) property produced in a farming  
6                   business (within the meaning of section  
7                   263A(e)(4)).

8                   “(5) APPLICABLE PERCENTAGE.—For purposes  
9                   of paragraph (1), the applicable percentage is the  
10                  percentage which bears the same ratio to 9 percent  
11                  as—

12                  “(A) so much the domestic input percent-  
13                  age as exceeds 75 percent, bears to

14                  “(B) 25 percent.”.

15                  (b) EFFECTIVE DATE.—The amendment made by  
16                  this section shall apply to taxable years beginning after  
17                  the date of the enactment of this Act.

○