

119TH CONGRESS
1ST SESSION

H. R. 1328

To amend the Internal Revenue Code of 1986 to establish the critical supply chains reshoring investment tax credit.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 13, 2025

Ms. MALLIOTAKIS (for herself, Mr. PANETTA, Mr. BUCHANAN, Ms. VELÁZQUEZ, Mr. KELLY of Pennsylvania, Mr. HERNÁNDEZ, and Mr. LAWLER) 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 establish the critical supply chains reshoring investment tax credit.

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 “Supply Chain Security
5 and Growth Act of 2025”.

6 **SEC. 2. CRITICAL SUPPLY CHAINS RESHORING INVEST-** 7 **MENT CREDIT.**

8 (a) IN GENERAL.—Subpart E of part IV of sub-
9 chapter A of the Internal Revenue Code of 1986 is amend-

1 ed by inserting after section 48E the following new sec-
 2 tion:

3 **“SEC. 48F. CRITICAL SUPPLY CHAINS RESHORING INVEST-**
 4 **MENT CREDIT.**

5 “(a) IN GENERAL.—For purposes of section 46, in
 6 the case of a qualifying taxpayer, the critical supply chains
 7 reshoring investment credit is an amount equal to 40 per-
 8 cent of the qualified investment with respect to any critical
 9 supply chain facility placed in service during such taxable
 10 year.

11 “(b) DEFINITIONS AND SPECIAL RULES.—For pur-
 12 poses of this section—

13 “(1) QUALIFYING TAXPAYER.—

14 “(A) IN GENERAL.—The term ‘qualifying
 15 taxpayer’ means a taxpayer that is not a pro-
 16 hibited foreign entity.

17 “(B) PROHIBITED FOREIGN ENTITY.—For
 18 purposes of this paragraph, the term ‘prohibited
 19 foreign entity’ means—

20 “(i) any foreign entity of concern (as
 21 defined in section 40207(a)(5) of the In-
 22 frastructure Investment and Jobs Act),

23 “(ii) any entity with respect to which
 24 the government of a covered nation has the
 25 right or power (directly or indirectly) to

1 appoint or approve the appointment of a
2 covered officer, or

3 “(iii) any entity 25 percent or more of
4 the capital or profits interests of which are
5 owned (directly or indirectly) in the aggre-
6 gate by 1 or more of the following:

7 “(I) A covered nation or an enti-
8 ty described in clause (i) or (ii).

9 “(II) A citizen, national, or resi-
10 dent of a covered nation.

11 “(III) An entity organized under
12 the laws of a covered nation.

13 “(C) COVERED OFFICER.—For purposes of
14 this paragraph, the term ‘covered officer’
15 means—

16 “(i) any member of the board of direc-
17 tors, board of supervisors, or an equivalent
18 governing body,

19 “(ii) the president, senior vice presi-
20 dent, chief executive officer, chief operating
21 officer, chief financial officer, or general
22 counsel, or

23 “(iii) any individual who performs du-
24 ties usually associated with a title listed in
25 clause (i) or (ii).

1 “(D) COVERED NATION.—For purposes of
2 this paragraph, the term ‘covered nation’ has
3 the meaning given such term in section 4872(d)
4 of title 10, United States Code.

5 “(2) QUALIFIED INVESTMENT.—The qualified
6 investment with respect to any critical supply chain
7 facility for any taxable year is an amount equal to
8 the basis of any qualified property placed in service
9 by the taxpayer during such taxable year which is
10 part of a such facility.

11 “(3) QUALIFYING PROPERTY.—

12 “(A) IN GENERAL.—The term ‘qualifying
13 property’ means property—

14 “(i) that is integral to the operation
15 of a critical supply chain facility,

16 “(ii) that is tangible property,

17 “(iii) with respect to which deprecia-
18 tion (or amortization in lieu of deprecia-
19 tion) is allowable, and

20 “(iv) which is—

21 “(I) constructed, reconstructed,
22 or erected by the taxpayer, or

23 “(II) acquired by the taxpayer if
24 the original use of such property com-
25 mences with the taxpayer.

1 “(B) RECONSTRUCTED PROPERTY.—Prop-
2 erty shall be treated as reconstructed for pur-
3 poses of this paragraph if improvements to such
4 property satisfy the substantial improvement
5 test of section 1400Z–2(d)(2)(D)(ii).

6 “(4) CRITICAL SUPPLY CHAIN FACILITY.—The
7 term ‘critical supply chain facility’ means a facil-
8 ity—

9 “(A) the primary purpose of which is the
10 manufacturing of—

11 “(i) An active pharmaceutical ingre-
12 dient (as defined in section 2017.1 of title
13 21, Code of Federal Regulations (or any
14 successor regulations)),

15 “(ii) A drug (as defined in section
16 201(g) of the Federal Food, Drug, and
17 Cosmetic Act),

18 “(iii) A biological product (as defined
19 in section 351(i)(1) of the Public Health
20 Service Act),

21 “(iv) A medical countermeasure (as
22 defined in section 319F–3(i)(1) of the
23 Public Health Service Act),

24 “(v) A medical diagnostic device (as
25 defined in section 201(h) of the Federal

Food, Drug, and Cosmetic Act) intended for use in the diagnosis of disease or other conditions,

“(vi) Semiconductors or semiconductor manufacturing equipment,

“(vii) Aerospace equipment as defined under North American Industry Classification Code 3364, or

“(viii) Artificial nanomaterials, and
“(B) located in—

“(i) a ‘specified possession’ within the meaning of section 937(c),

“(ii) or Puerto Rico.

“(5) AGGREGATION RULE.—

“(A) IN GENERAL.—Members of a qualified affiliated group shall be treated as a single taxpayer.

“(B) QUALIFIED AFFILIATED GROUP.—

“(i) IN GENERAL.—The term ‘qualified affiliated group’ means an affiliated group (as defined in section 1504(a), determined without regard to section 1504(b)(3)) at least 1 member of which has made a qualified investment in a crit-

1 ical supply chain facility located in an eco-
 2 nomically distressed zone.

3 “(ii) ECONOMICALLY DISTRESSED
 4 ZONE.—For purposes of this subpara-
 5 graph, the term ‘economically distressed
 6 zone’ means a population census tract
 7 that—

8 “(I) is a qualified opportunity
 9 zone (as defined in section 1400z–
 10 1(a)), and

11 “(II) has a poverty rate of not
 12 less than 30 percent.

13 “(6) EXEMPTION FROM CERTAIN SPECIAL
 14 RULES.—The credit determined under subsection (a)
 15 shall be determined without regard to paragraphs
 16 (1) and (4) of section 50(b).”.

17 (b) COORDINATION BETWEEN CRITICAL SUPPLY
 18 CHAINS RESHORING CREDIT AND ELECTRICITY PRODUC-
 19 TION CREDIT.—Section 45(e) of such Code is amended
 20 by adding at the end the following new subsection:

21 “(e) COORDINATION WITH CRITICAL SUPPLY
 22 CHAINS RESHORING INVESTMENT CREDIT.—The term
 23 ‘qualified facility’ shall not include any facility if a credit
 24 is allowed under section 48F with respect to such facility
 25 for the taxable year or any prior taxable year.”.

1 (c) ELECTIVE PAYMENT ALLOWED.—

2 (1) IN GENERAL.—Section 6417(b) of such
3 Code is amended by adding at the end the following:

4 “(13) The critical supply chains reshoring in-
5 vestment credit determined under section 48F.”.

6 (2) ELECTION TO BE TREATED AS APPLICABLE
7 ENTITY.—Section 6417(d)(1) is amended—

8 (A) by redesignating subparagraph (E) as
9 subparagraph (F), and

10 (B) by inserting after subparagraph (D)
11 the following new subparagraph:

12 “(E) ELECTION WITH RESPECT TO CRIT-
13 ICAL SUPPLY CHAINS RESHORING CREDIT.—If a
14 taxpayer other than an entity described in sub-
15 paragraph (A) makes an election under this
16 subparagraph with respect to any taxable year
17 in which such taxpayer has placed in service a
18 critical supply chain facility (as defined in sec-
19 tion 48F(b)(4)), such taxpayer shall be treated
20 as an applicable entity for purposes of this sec-
21 tion for such taxable year, but only with respect
22 to the credit described in subsection (b)(13).”.

23 (d) CREDIT MADE TRANSFERABLE.—Section
24 6418(f)(1)(A) of such Code is amended by adding at the
25 end the following:

1 “(xii) The critical supply chains re-
2 shoring investment credit determined
3 under section 48F.”.

4 (e) CREDIT INCLUDED IN INVESTMENT CREDIT.—
5 Section 46 of such Code is amended by striking “and”
6 at the end of paragraph (6), by striking the period at the
7 end of paragraph (7) and inserting “, and”, and by adding
8 at the end the following new paragraph:

9 “(8) the critical supply chains reshoring invest-
10 ment credit.”.

11 (f) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to property placed in service after
13 December 31, 2024.

14 **SEC. 3. INCREASE IN DEEMED CREDIT FOR TAXES PAID TO**
15 **POSSESSION OF THE UNITED STATES.**

16 (a) IN GENERAL.—Section 960(d) of the Internal
17 Revenue Code of 1986 is amended by adding at the end
18 the following new paragraph:

19 “(4) INCREASE FOR TAXES PAID TO POSSES-
20 SION OF UNITED STATES.—In the case of tested for-
21 eign income taxes paid or accrued to a possession of
22 the United States, paragraph (1) shall be applied by
23 substituting ‘100 percent’ for ‘80 percent’.”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxes paid or accrued after De-
3 cember 31, 2024.

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