

AMENDMENT RULES COMM. PRINT 117-31
OFFERED BY MR. KINZINGER OF ILLINOIS

At the end of division K, add the following:

1 **TITLE VIII—INCENTIVES FOR**
2 **SOURCING CRITICAL GOODS**
3 **FROM ALLIES OR KEY INTER-**
4 **NATIONAL PARTNERS**

5 **SEC. 109001. ENHANCED TRADE PREFERENCES.**

6 (a) **AUTHORITY TO PROVIDE DUTY-FREE TREAT-**
7 **MENT.**—Notwithstanding any other provision of law and
8 subject to subsection (b), the President, acting through
9 the United States Trade Representative, is authorized to
10 provide duty-free treatment for any eligible article from
11 any ally or key international partner in accordance with
12 the provisions of this section.

13 (b) **DESIGNATION OF BENEFICIARY COUNTRIES.**—

14 (1) **AUTHORITY TO DESIGNATE.**—The United
15 States Trade Representative shall engage in an
16 interagency process by which to designate any coun-
17 try that is an ally or key international partner and
18 is participating in any programs or activities carried
19 out pursuant to subtitle A of title II of division C

1 of this Act as a beneficiary country for purposes of
2 this section.

3 (2) COUNTRIES INELIGIBLE FOR DESIGNA-
4 TION.—The United States Trade Representative
5 may not designate a country as a beneficiary coun-
6 try under this section if such country—

7 (A) does not have a democratically elected
8 government or a market economy;

9 (B) has nationalized, expropriated, or oth-
10 erwise seized ownership or control of property
11 owned by a United States citizen or by a cor-
12 poration, partnership, or association that is 50
13 percent or more beneficially owned by United
14 States citizens;

15 (C) affords preferential treatment to the
16 products of a developed country, other than the
17 United States, which has, or is likely to have,
18 a significant adverse effect on United States
19 commerce, unless—

20 (i) the United States Trade Rep-
21 resentative receives satisfactory assurances
22 that such preferential treatment will be
23 eliminated or that action will be taken to
24 assure that there will be no such signifi-
25 cant adverse effect; and

1 (ii) the United States Trade Rep-
2 representative reports such assurances to Con-
3 gress;

4 (D) is not a signatory to a treaty, conven-
5 tion, protocol, or other agreement regarding the
6 extradition of United States citizens;

7 (E) does not afford and enforce in law and
8 practice internationally recognized worker
9 rights for workers in the country; or

10 (F) is a country of concern.

11 (c) ELIGIBLE ARTICLES.—

12 (1) IN GENERAL.—Subject to paragraphs (2)
13 and (3), the duty-free treatment provided under this
14 section shall apply to any critical good that is the
15 growth, product, or manufacture of a beneficiary
16 country.

17 (2) RULES OF ORIGIN.—The duty-free treat-
18 ment provided under this section shall apply to any
19 eligible article that is the growth, product, or manu-
20 facture of a beneficiary country if—

21 (A) such article is imported directly from
22 such country into the customs territory of the
23 United States; and

24 (B) the sum of—

1 (i) the cost or value of the materials
2 produced in the beneficiary country or any
3 two or more such countries that are mem-
4 bers of the same association of countries,
5 plus

6 (ii) the direct costs of processing oper-
7 ations performed in such beneficiary coun-
8 try or such member countries,

9 is not less than 35 percent of the appraised
10 value of such article at the time it is entered.

11 (3) INELIGIBLE ARTICLES.—An article may not
12 be treated as the growth, product, or manufacture of
13 a beneficiary country by virtue of having merely un-
14 dergone—

15 (A) simple combining or packaging oper-
16 ations; or

17 (B) mere dilution with water or another
18 substance that does not materially alter the
19 characteristics of the article.

20 (d) DEFINITIONS.—In this section, the terms “en-
21 tered” and “internationally recognized worker rights”
22 have the meanings given such terms in section 507 of the
23 Trade Act of 1974 (19 U.S.C. 2467).

1 (e) TERMINATION.—No duty-free treatment provided
2 under this section shall remain in effect after September
3 30, 2030.

4 **SEC. 109002. TEMPORARY INCREASED EXPENSING FOR RE-**
5 **LOCATING MANUFACTURING TO ALLY OR**
6 **KEY INTERNATIONAL PARTNER COUNTRIES.**

7 (a) IN GENERAL.—For purposes of section 168(k) of
8 the Internal Revenue Code of 1986, in the case of any
9 qualified United States manufacturing property which is
10 placed in service after December 31, 2020, and before
11 January 1, 2030—

12 (1) such property shall be treated as qualified
13 property (within the meaning of such section),

14 (2) the applicable percentage otherwise deter-
15 mined under section 168(k)(6) of such Code with re-
16 spect to such property shall be—

17 (A) if placed in the United States, 100
18 percent, and

19 (B) if placed within an ally or key inter-
20 national partner country, 60 percent, and

21 (3) paragraph (8) of such section shall not
22 apply.

23 (b) QUALIFIED UNITED STATES MANUFACTURING
24 PROPERTY DEFINED.—In this section the term “qualified
25 United States manufacturing property” means a domestic

1 corporation that is engaged in the business of manufac-
2 turing critical goods with property outside an ally or key
3 international partner country that places in service tan-
4 gible property within an ally or key international partner
5 country.

6 (c) TERMINATION.—This section shall not apply to
7 any property placed in service after December 31, 2029.

8 **SEC. 109003. AMERICAN SECURITY PRODUCT TAX CREDIT.**

9 (a) IN GENERAL.—Subpart D of part IV of sub-
10 chapter A of chapter 1 of the Internal Revenue Code of
11 1986 is amended by adding at the end the following new
12 section:

13 **“SEC. 45U. AMERICAN SECURITY PRODUCT TAX CREDIT.**

14 “(a) IN GENERAL.—For purposes of section 38, the
15 American security product tax credit for any taxable year
16 is an amount equal to—

17 “(1) 30 percent of the qualified costs of Amer-
18 ican security products manufactured in the United
19 States, or

20 “(2) 15 percent of the qualified costs of Amer-
21 ican security products manufactured in an ally or
22 key international partner country.

23 “(b) MAXIMUM CREDIT.—The aggregate credit de-
24 termined under subsection (a) for any taxable year with

1 respect to any taxpayer shall not exceed the excess (if any)
2 of the taxpayer's net income tax over the greater of—

3 “(1) the tentative minimum tax for the taxable
4 year, or

5 “(2) 25 percent of so much of the taxpayer's
6 net regular tax liability as exceeds \$25,000.

7 “(c) DEFINITIONS.—In this section:

8 “(1) AMERICAN SECURITY PRODUCT.—The
9 term ‘American security product’ means—

10 “(A) a critical good as such term is de-
11 fined in section 109004 of the America COM-
12 PETES Act of 2022; and

13 “(B) at least 50 percent of the value of
14 which shall be derived from components manu-
15 factured in the United States.

16 “(2) QUALIFIED COSTS.—The term ‘qualified
17 costs’ means costs incurred in the production of an
18 American security product.

19 “(3) UNITED STATES.—The term ‘United
20 States’ shall include the Commonwealth of Puerto
21 Rico and the Commonwealth of the Northern Mar-
22 iana Islands.”.

23 (b) DENIAL OF DOUBLE BENEFIT.—Section 280C of
24 such Code is amended by adding at the end the following
25 new subsection:

1 “(i) CREDIT FOR AMERICAN SECURITY
2 PRODUCTS.—No deduction shall be allowed
3 for that portion of expenses otherwise al-
4 lowable as a deduction taken into account
5 in determining the credit under section
6 45U for the taxable”.

7 (c) CREDIT MADE PART OF GENERAL BUSINESS
8 CREDIT.—Section 38(b) of such Code is amended by strik-
9 ing “plus” at the end of paragraph (32), by striking the
10 period at the end of paragraph (33) and inserting “, plus”,
11 and by adding at the end the following new paragraph:

12 “(34) the American security product tax credit
13 determined under section 45U.”.

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

 “45U. American security product tax credit.”.

18 (e) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to expenses made or incurred be-
20 ginning on the first day of the first full calendar quarter
21 after the date of enactment of this section.

22 **SEC. 109004. DEFINITIONS.**

23 In this title, the terms “ally or key international part-
24 ner”, “country of concern”, “critical good”, “critical infra-

1 structure”, “manufacture”, and “supply chain” have the
2 meanings given those terms in section 20208 of this Act.

