



FIGHTING for PENNSYLVANIA FAMILIES

## Infant Formula Made in America Act of 2024

*U.S. Senator Bob Casey*

### A Plan to Strengthen our Formula Supply Chain

In February 2022, reports of illnesses and deaths of babies prompted a voluntary recall of powdered infant formula products and shutdown of a single contaminated manufacturing plant. With a major facility offline, insufficient production of formula exacerbated existing supply chain issues and triggered a crisis that left families scrambling to find the formula they needed to feed their children.

By May 2022, [43 percent of formula products](#) were out of stock nationwide. In addition to hospitalizations and deaths directly related to contaminated formula, the ensuing shortages caused by the recall resulted in children being hospitalized due to lack of formula or formula intolerance upon switching to alternative available formulations, in addition to acute weight loss and gastrointestinal complications. The federal government took action to abate this crisis by allowing the import of infant formula from abroad temporarily, which helped mitigate the shortage while the supply chain recovered. But we need a permanent solution.

The shortage became as dire as it was for families because in the U.S., three companies controlled 98 percent of the formula market as of 2020. Due to the high cost of developing and manufacturing infant formula, the market is extremely concentrated. Many smaller brands rely on the same manufacturer for their infant formulas. Expanding domestic production and encouraging new market entrants will help diversify and stabilize the domestic supply chain, mitigating the risk that a single facility closure could create a nationwide shortage in the future.

### What will the Infant Formula Made in America Act do?

This bill creates a new tax credit program to support new or expanding small infant formula producers in the United States. This will create a secure, diversified domestic industry capable of meeting children's and families' formula needs. Small infant formula producers—those with less than \$750 million in revenue—will be eligible for support to help them grow to compete in this concentrated market. Companies may choose one of two forms of support:

- **An Investment Tax Credit:** This credit matches 30 percent of a new investment in infant formula production. Companies can receive up to \$150 million to offset their costs for bringing new production online.
- **A Production Tax Credit:** Alternatively, a company may elect to receive a stream of payments worth \$2 per pound of infant formula produced. This is capped at 18 million pounds per recipient each year for five years.

These credits will be able to offset a company's tax liabilities or may be sold and transferred to another taxpayer if the recipient does not have a tax liability to offset. The credits will last for 10 years.