

Congress of the United States
Washington, DC 20515

September 28, 2006

The Honorable Bill Frist
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Harry Reid
Democratic Leader
United States Senate
Washington, DC 20510

The Honorable Dennis Hastert
Speaker
United States House of
Representatives
Washington, DC 20515

The Honorable Nancy Pelosi
Democratic Leader
United States House of
Representatives
Washington, DC 20515

Dear Leader Frist, Speaker Hastert, Democratic Leaders Reid and Pelosi:

As Members of the New Jersey Congressional Delegation, we want to underscore the importance of the federal R&D tax credit to jobs and economic growth not only in New Jersey, but in every state in this land. We respectfully urge you to work with us to ensure that Congress send to the President a bill with a seamless and strengthened R&D tax credit before the Congress recesses.

According to a recent Economic Study conducted by Deloitte Consulting LLP for the HealthCare Institute of New Jersey, the pharmaceutical and medical technology industry is a significant employer within New Jersey with more than 60,500 employees and contributes to a host of "spin-off" employment as well. In 2005, approximately 101,500 "spin-off" jobs were created as a result of industry activity. Spending by pharmaceutical company employees supported almost 36,000 jobs, the purchase by pharmaceutical and medical technology companies of goods and services supported more than 34,000 jobs, and investment in capital projects supported more than 31,000 jobs across many business sectors.

The total research and development expenditures for this productive industry were more than \$7.5 billion in 2005. This investment yielded 961 pharmaceutical products in development, 3,690 studies or clinical trials planned, and 186 new technologies submitted to the FDA for approval.

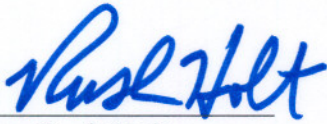
This commitment to research and development is demonstrated throughout our nation. According to the *2006 Pharmaceutical Industry Profile* by the Pharmaceutical Research and Manufacturers of America, the biopharmaceutical industry employs 81,696 employees nation-wide in research and development functions alone, and \$51.3 billion was spent on biopharmaceutical research and development activities.

The federal R&D tax credit is an important element in businesses' decision to engage in additional research activities in the United States. By reaffirming the federal commitment to the credit by seamlessly extending and strengthening it, we can make sure that the jobs the credit enables are created rather than lost.

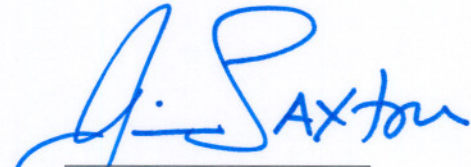
The New Jersey Council of Economic Advisors calls pharmaceuticals and biotechnology "a cornerstone of New Jersey's high technology economy," but warns there will continue to be cost pressures on the industry. For our pharmaceutical and medical technology industry there are few issues more important than sustained research and development, because that is what drives the industry.

The House and the Senate each have adopted legislation to extend and strengthen the R&D credit, yet Congress has yet to send such legislation to the President. Companies in New Jersey and around the nation are being forced to make critical R&D investment decisions under a cloud of uncertainty that is affecting current projects and future plans. The discovery and production of breakthrough medicines and cutting-edge technologies help us all extend and improve our quality of life, so there is a great deal at risk if R&D projects in this industry are delayed or canceled because of cost pressures. As lawmakers, we must commit to do all we can to put an end to this tax on life-saving innovation and act swiftly to restore and strengthen the federal R&D tax credit.

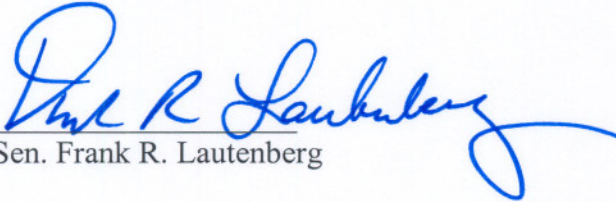
Sincerely,



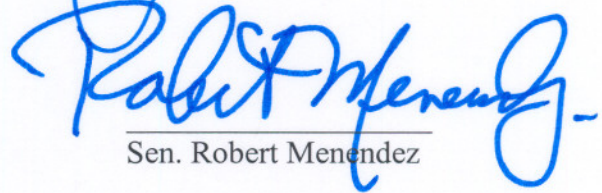
Rep. Rush Holt



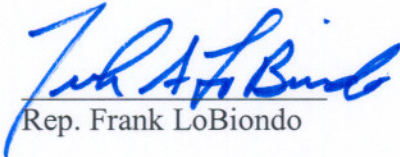
Rep. Jim Saxton



Sen. Frank R. Lautenberg



Sen. Robert Menendez



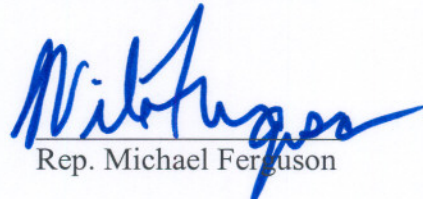
Rep. Frank LoBiondo



Rep. Robert Andrews



Rep. Steve Rothman



Rep. Michael Ferguson

Scott Garrett

Rep. Scott Garrett

Frank Pallone, Jr.

Rep. Frank Pallone, Jr.

Rodney Frelinghuysen

Rep. Rodney Frelinghuysen

Bill Pascrell

Rep. Bill Pascrell

Chris Smith

Rep. Christopher Smith

Donald Payne

Rep. Donald Payne