

February 27, 2006

[Identical letter sent to House and Senate conferees on H.R. 4297]

The Honorable Charles Grassley
Chairman, Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Mr. Chairman:

As the conference committee begins to consider tax reconciliation legislation, the members of the R&D Credit Coalition want to strongly encourage you make a seamless extension of a stronger research and development tax credit (the "R&D credit") a top priority. It is critical that the credit be extended and strengthened in order to provide a viable incentive to businesses that are making investment and hiring decisions.

Advances in technology and innovation drive growth in our economy and what ultimately will create the higher standards of living we hope to pass on to future generations. President Bush and bipartisan leaders in the House and Senate recently underscored the need to strengthen research and innovation in the United States and pointed to the value of a strong, permanent federal tax incentive for R&D. There is a global race for R&D dollars in which the competitive disadvantage of the United States increases because more generous and permanent R&D tax incentives are being offered by competitor nations. The Congress can respond by ensuring that U.S.-based research activity is robust and encouraged.

The credit expired on December 31, 2005, creating tremendous disruption to firms planning long-term R&D projects in the United States. The Coalition is encouraged that both the House and the Senate demonstrated strong support for extending the credit and for making changes in the law that will help make the credit a more powerful incentive. We urge you to act expeditiously on the longest possible extension of the R&D tax credit with the modifications that are included in the House and Senate tax bills.

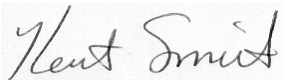
Sincerely,



Bill Sample
Microsoft Corporation
Chair, R&D Credit Coalition



Donna Siss Gleason
The Boeing Company
Vice Chair, R&D Credit Coalition



Keith H. Smith
United Technologies Corporation
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