

# Congress of the United States

Washington, DC 20515

April 1, 2004

The Honorable Dennis Hastert  
Speaker  
House of Representatives

The Honorable Nancy Pelosi  
Minority Leader  
House of Representatives

The Honorable William M. Thomas  
Chairman  
Committee on Ways and Means

The Honorable Charles Rangel  
Ranking Member  
Committee on Ways and Means

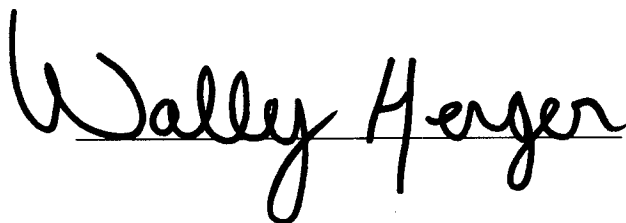
Dear Speaker Hastert, Leader Pelosi, Chairman Thomas and Ranking Member Rangel:

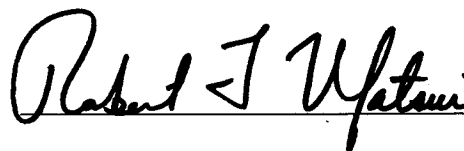
As Members of the California Congressional Delegation, we want to underscore the importance of the federal R&D tax credit and urge you to bring before the House as soon as is practical legislation to extend and improve this vital tax incentive. With the June 30, 2004, expiration date quickly approaching, we believe it is imperative for the Congress to extend and strengthen this important tax credit for as long a period as possible.

History has demonstrated that economic growth and productivity gains come from a combination of technical progress and the associated investments in tangible capital assets, research and development, human capital, and public infrastructure. Nowhere is this more true than in California where almost one-quarter of all the dollars on industry-performed R&D are spent. As you know, only those costs associated with research performed in the United States are eligible for the credit and the majority of the expenses claimed are for wages paid to U.S. employees. The R&D credit has proven to be an effective means of encouraging companies to increase their U.S.-based research activities and to keep those jobs in the United States. Allowing the credit to expire would be extremely disruptive to companies currently undertaking or planning to implement costly, long-term research projects.

California companies lead the nation in many areas of research and development and the growth of high wage jobs. The continued growth of our state's economy is closely tied to the ability of California companies to make a sustained commitment to long-term high cost research. We look forward to working with you to continue our shared commitment to research and development in the United States.

Sincerely,

  
Wally Herger

  
Robert J. Matsui

Mary Brown

Chris Cal

Jerry Lee

Darin Nunes

Sam DeWitt

Richard Pando

Paul Smith

Ken Colver

Buck McLean

By A. O.

Dana Robinson

Jimmy Lewis

Lee D. ...

Ernie Howard

Randy Dale Cunningham

Clarence Hunt

Zoe Fyfe

Alison E. Watson

Michelle Shampson

Anna Eshoo

Carl Bell

Michael M. Honda

Michelle L. Arlis

Lois Capps

Grace J. Napolitano

Cal Dooley

Sam Lamm

Loretta Sanchez

Frank Rosten

Ellen Fauscher

Jane Harman

Bob Filner

Tom Lantos

Ken A. Waxman

George Miller

Harold R. Berma

Lynn Wooley

D. Andy

Paul Shum

Tim L.

David Dreier

Ed Royce

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