

Broad Cross-Section of American Companies Claim the R&D Tax Credit, New Study Shows

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Companies of all sizes, across a wide range of industries, and in every state claim the R&D tax credit, according to a new study by Washington Council Ernst & Young. The study shows that in 2000:

- Nearly 16,000 companies claimed the R&D credit.
- Fifteen states were home to more than 1,000 R&D credit recipients, including California, New York, Texas, Pennsylvania, Ohio, New Jersey, Illinois, Florida, Michigan, Minnesota, Colorado, Massachusetts, Oregon, Virginia, and Arizona.
- Companies in the manufacturing, services, retail and wholesale trade, construction, and real estate sectors were among largest recipients.

Small Firms Benefit Most From the R&D Credit

Over 4,500 firms with assets of less than \$1 million claimed the credit – 25 percent of all firms. For the smallest firms in the study, those with assets between \$1,000 and \$99,000, on average the value of the credit claimed equaled 9.4 percent of their assets.

“Although the largest concentration of firms ... was in the asset class \$1 million to \$4.999 million, the distribution of firms claiming the R&D credit was relatively even across all firm sizes,” the study states.

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Extending and Strengthening the Credit Will Preserve and Create Jobs

The R&D Tax Credit, which is available only for R&D done in the United States, expires on June 30, 2004. By extending and strengthening the credit, Congress can ensure that American companies will continue to invest their R&D dollars in the United States and in American workers. The R&D Credit Coalition urges Congress to extend and strengthen the R&D tax credit without delay.

For a copy of the complete study, please visit www.nam.org/RnDCredit.

Value of the R&D Tax Credit Goes Up As the Size of the Firm Goes Down

Total Assets (000s)	R&D Credit as a percentage of Average Assets
1 to 99	9.4%
100 to 249	3.9%
250 to 499	9.4%
500 to 999	3.9%
1,000 to 4,999	1.4%
5,000 to 9,999	1.0%
10,000 to 24,999	0.7%
25,000 to 49,999	0.6%
50,000 to 99,999	0.4%
100,000 to 249,999	0.3%
250,000 and more	1.0%