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MEDIA ADVISORY:

COST OF U.S.-BASED R&D SET TO RISE JUNE 30; CONGRESS URGED TO RESTORE R&D CREDIT

Boston, Mass. -- With the federal research tax credit ("R&D credit"), set to expire June 30, Associated Industries of Massachusetts (A.I.M.), an employer association of more than 7,600 Bay State companies urges Congress to act quickly both to restore the credit and adopt modifications that will strengthen its incentive value. The cost of doing U.S.-based research for the nearly 16,000 companies that use the R&D credit, including many of A.I.M.'s members, will increase after June 30th unless Congress takes action on pending legislation.

The United States must compete for R&D investment dollars with Canada, France, Japan, United Kingdom, India, Spain, Indonesia, Singapore, and other countries that provide generous, permanent R&D incentives to induce business to locate research activities in those countries. For example, Canada provides a 20-percent flat credit for R&D spending that includes wages and capital expenditures.

"A.I.M. is encouraged that both the House and Senate recently approved an extension of the credit and we urge that final legislation should also include the Senate-passed modifications that strengthen the incentive value of the R&D credit to allow more companies to perform research activities in the United States." Said Richard Lord, A.I.M.'s President & CEO.

"Thousands of manufacturing and information services firms utilize the federal credit annually," said Lord. Moreover he said, "On a per capita basis, Massachusetts and two other states reported the most R&D activity in the nation." He said.

Growth in jobs and raising America's standard of living depend on U.S.-based investments in research and innovation. The R&D credit is critical to the ability of businesses of *all* sizes to make those investments in the United States, particularly when many of America's trading partners already provide richer R&D incentives.

As a member of the National R&D Coalition, A.I.M. urges Congress to act quickly to restore seamlessly and to strengthen this most important economic development incentive.

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