



**FOR IMMEDIATE RELEASE**

## **CompTIA Urges Congress to Extend R&D Tax Credit**

*Future of U.S.-driven innovation in doubt if Congress does not re-affirm credit's importance*

**Washington, DC, June 29, 2004** – With the expiration of the research and development (R&D) tax credit tomorrow, the Computing Technology Industry Association (CompTIA) today reiterated its call to Congress to immediately pass an extension of the widely-used and bi-partisan supported tax credit.

"Tomorrow, thousands of American businesses that depend on the R&D credit to foster innovation may have one less tool," noted Bruce Hahn, CompTIA director of U.S. public policy. "We hope Congress reaffirms the importance of this credit, and works to pass an extension, post-haste, so that companies can once again depend upon the credit for their product development."

Realizing that risk-taking through R&D is both the hallmark and lifeblood of American business, Congress bolstered private R&D with its initial passage of the tax credit in 1981. Extended 10 times since then, the credit has become a part of the privately-funded, R&D landscape, helping the high-tech industry alone spend more than \$10 billion a year on its R&D. By enabling U.S. companies to mitigate some of the risks associated with R&D, the tax credit has helped American companies maintain their global leadership with a near-constant stream of innovative products and services demanded by the world's consumers.

R&D, however, is not a one-time process. It needs to be an ongoing endeavor. Unfortunately, the expiration of the credit threatens the expectation of U.S. companies that have grown to rely on it to shoulder some of their R&D costs. "Congress needs to keep this pump open," added Hahn. "The R&D credit helps innumerable companies – large and small, high-tech and low-tech – meet the voracious appetite of worldwide markets. In short, stopping the flow of this incentive will have a deleterious, cascading effect."

Most conspicuous among these effects would be fewer innovations. Over 50 percent of every R&D dollar goes to salaries, allowing America's companies to more ably afford the labor that creates its inventions. Quite simply, expiration of the credit will amount to fewer R&D staffing dollars, significantly curbing innovative output. Other U.S. jobs would be hurt as a result, too.

"Having less 'on the shelf' that's attractive for consumers greatly challenges the entire chain, from the largest OEMs down to the smallest reseller," stated Hahn. "In a world of constantly rising expectations, less innovation means less sales, dragging down jobs attached to those dwindling purchase options. Nowhere could this be more apparent than in the hyper-competitive IT industry, which is fueled by continuous innovation."

Added Hahn, "America's businesses, its workers, and the world's consumers already reap tremendous benefit from this modest, focused and administratively streamlined incentive. We call on Congress to immediately pass an extension of the R&D tax credit so that the world may continue receiving the benefits of American innovation facilitated by the credit."

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**About CompTIA**

CompTIA is a global trade association representing the business interests of the information technology industry. For 22 years, CompTIA has provided research, networking and partnering opportunities to its more than 19,000 members in 89 countries. The association is involved in developing standards and best practices, and influencing the political, economic and educational arenas that impact IT worldwide. More information is available at [www.comptia.org](http://www.comptia.org).