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Electronic Industries Alliance Applauds R&D Tax Credit Extension

Arlington, Va., Oct. 4, 2004 – The Electronic Industries Alliance (EIA) commended Congress and the Bush Administration for legislation signed into law today that will extend the federal research & development (R&D) tax credit through Dec. 31, 2005. The credit, which expired on June 30, will be extended seamlessly beginning July 1, 2004.

“By extending the R&D tax credit, Congress and the Bush Administration will help the U.S. generate more economic activity that is essential to high-tech and help us compete with other innovation-driven nations,” EIA President Dave McCurdy said. “The R&D tax credit can encourage more investment, more research and more economic growth for U.S. high-tech companies in the months to come. Our 2,500 member companies believe this kind of government action can be an effective incentive for increased R&D spending. The credit creates a more competitive and business-friendly environment for high-tech here by lowering the cost of high-risk research, which in turn helps keep investment dollars in the U.S.”

Earlier this year, EIA published *The Technology Industry at an Innovation Crossroads*, a policy playbook on innovation that included recommendations to strengthen the U.S. knowledge economy (available at www.eia.org/innovation). Among those recommendations were several focusing on ways to improve R&D investment in the U.S. As part of its recommendations, EIA proposed that U.S. policymakers make the R&D tax credit permanent and include enhancements to the provision that would allow more companies to take advantage of it.

“Innovation has given the U.S. and the rest of the world technological advancement while creating high-skilled jobs,” McCurdy noted. “If we want to ensure that successive waves of innovation begin in the U.S., and that U.S. workers are the first to benefit, we need fundamental economic building blocks such as an effective R&D tax credit. Extending the credit is a solid step in the right direction.”

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About EIA: The Electronic Industries Alliance is the leading advocate for the U.S. high-tech industry in Washington, DC. Its 2,500 member companies provide products and services ranging from microscopic electronic components to state-of-the-art defense, space and industry high-tech systems, as well as the full range of telecommunications and consumer electronic products. EIA’s mission is to promote the market development and competitiveness of the U.S. high-tech industry through domestic and international policy efforts.