

Congress of the United States

Washington, DC 20515

Help Make the R&D Tax Credit Permanent

Become an Original Cosponsor

March 14, 2005

Dear Colleague:

Innovation is the life's blood of a healthy twenty-first century economy. The amazing productivity gains we have made are due in large part to the practical application of the ideas and methods developed by our intrepid researchers. America is the undisputed leader in technological innovation because we have created an economic environment that rewards risk taking and creativity. We believe that the federal government can strengthen our position by making the research and development tax credit permanent.

Each day we marvel at the advancements made by U.S. companies in diverse fields ranging from robotics to pharmaceuticals. But these breakthroughs do not happen overnight. They are usually the result of years, sometimes decades, of expensive, labor-intensive work. For businesses contemplating an incremental research project, the lack of certainty regarding the availability of future R&D tax credits increases the financial risk of the project and could in fact lead some companies to abandon additional research.

The R&D tax credit supports two tangible and important benefits for our constituents. First, research-driven economic activity produces high paying jobs. It is important to remember that most of the dollars spent on R&D are spent on salaries for engineers, researchers and technicians. Moreover, when taken to the market as new products, incentives that support R&D translate into new jobs for employees in manufacturing and sales. Second, consumers reap the benefits of new and improved products. Advances in polymers, for example, make cars lighter and therefore more fuel efficient without compromising strength and passenger safety.

Unfortunately, the United States continues to send a mixed signal to American businesses. Last year the credit expired for over 6 months and while it was restored retroactively, other nations have permanent credits in place thus providing a more attractive and stable place to conduct research.

The R&D credit will expire again this year so it is crucial that we act soon to preserve the viability of the credit. We intend to introduce legislation that will make the credit permanent, more available, and more effective. If you are interested in becoming an original cosponsor, please contact Doug Lathrop with Nancy Johnson at 5-4476 or Emily Johnson with Ben Cardin.


NANCY JOHNSON
Member of Congress

Sincerely,


BEN CARDIN
Member of Congress