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A.I.M. Urges Congress to Restore R&D Tax Credit

Boston, Mass. – With the November elections concluded, and as an active member of the Washington, D.C. based Research & Development Credit Coalition, Associated Industries of Massachusetts (A.I.M.), an employer association of 7,600 Bay State companies and institutions, is once again calling on Congress to restore the federal research and development (R&D) credit, which expired last year before the end of the current session in December.

Before it expired, the 20 percent R&D credit was available to corporations who conduct research and development here for qualified expenditures incurred in such categories as wages paid to qualified employees, outside research contacts, and for equipment and supplies.

Since the credit has expired due to congressional inaction, the cost of conducting U.S. based research for nearly 16,000 companies nationally that use the R&D credit, including more than 1,100 Massachusetts firms, has increased because renewal of the expired credit cannot be assumed in forecasting project costs or reporting financial results.

As noted in a recent report issued by the Information Technology and Innovation Foundation, the emergence of a “flat world” has meant that the U.S. economy faces new robust economic competitors, many of which combine both low cost manufacturing and an abundance of high technology and research capabilities.

Today, the U.S. must compete for R&D investment dollars with Canada, France, Japan, the United Kingdom, India, Spain, Indonesia, Singapore, and other countries that provide more generous, permanent R&D incentives to induce businesses to locate research activities in those countries. By in large, research conducted off shore is unlikely to return to the U.S. In addition, this situation also places firms here in a less competitive situation in terms of either conducting future research, or securing orders for manufacturing new research based products or prototypes.

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. As a result of this situation, A.I.M. urges Congress to restore seamlessly and to strengthen this most important federal economic development incentive.
