



FOR IMMEDIATE RELEASE

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**SPI STATEMENT ON THE NEED FOR
CONGRESSIONAL ACTION ON THE EXPIRED R&D TAX CREDIT**

WASHINGTON, D.C. (November 14, 2006) -- *The federal research and development tax credit (“the R&D tax credit”) was originally enacted in 1981 and has been extended 11 times. It is available only for certain qualified research and development expenditures incurred in the United States. The primary categories of qualified R&D expenditures are: wages paid to employees performing qualified research activities, a percentage of the amount paid to outside contractors for the performance of qualified research, and the expenditures for supplies used in the conduct of qualified research. The R&D tax credit expired on December 31, 2005.*

On the occasion of the R&D Tax Coalition’s November 14, 2006 press conference, William R. Cardeaux, president and CEO of The Society of the Plastics Industry, Inc. (SPI), issued the following statement:

“The R&D Credit is critical to U.S. manufacturers because it helps boost industry investment in research done in the United States and is essential for sparking innovation for new products and competitiveness in world markets. It is, without a doubt, the most effective federal policy our nation has had to promote private research, and the jobs created by such research. When the Credit expired on Dec. 31, 2005, the cost of doing R&D in the U.S. increased for the plastics industry.

“Despite broad bipartisan support, Congress has failed numerous times this year to send a bill that will extend the Credit to President Bush to sign into law. Meanwhile, American companies endure a tax increase as their costs of doing critical research and development in the United States continue to rise.

“As the fourth largest manufacturing industry in the nation, accounting for more than \$345 billion dollars in annual shipments, the plastics industry has been one of the most innovative sectors over the past 25 years. But R&D is full of both risk and reward, and without the Credit, much of that innovation is stifled as companies hesitate to take on the burden of research costs. Without the R&D Tax Credit, the higher costs are driving R&D investments overseas to our global competitors. Furthermore, the resulting reduction in R&D means less high-paying jobs. The trickle down effect on the nation’s economy, from our industry’s chain of processors, packagers, suppliers and consumers, becomes quite evident.

“On behalf of SPI’s 1,100 members and the 1.3 million Americans directly employed by the plastics industry, I urge the 109th Congress to act swiftly to extend and strengthen the R&D Tax Credit before the end of this session. Action now will ensure that U.S. companies are able to expand the boundaries of innovation toward new and better products in an increasingly competitive global marketplace.”

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Founded in 1937, The Society of the Plastics Industry, Inc., is the trade association representing one of the largest manufacturing industries in the United States. SPI's members represent the entire plastics industry supply chain, including processors, machinery and equipment manufacturers and raw materials suppliers. The U.S. plastics industry employs 1.3 million workers and provides nearly \$345 billion in annual shipments.