

For Immediate Release  
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**NEW STUDY SHOWS THE R&D TAX CREDIT HAS A SIGNIFICANT IMPACT ON  
INCREASING JOBS AND RESEARCH SPENDING IN THE UNITED STATES**  
*The R&D Tax Credit Spurs Innovation, Creates Jobs & Boosts GDP*

Washington, D.C. – September 19, 2011: The R&D Credit Coalition today released a new economic study, "[The R&D Credit: An effective policy for promoting research spending](#)" by Ernst & Young that shows the federal research and development (R&D) credit has a significant positive impact on the U.S. economy by increasing the amount of research spending, jobs, and wages in the United States. These effects would be even larger if the credit were strengthened and made permanent.

The report finds that the R&D credit has a significant impact on private R&D spending:

- The existing credit is estimated to increase annual private research spending by \$10 billion in the short-term and by \$22 billion in the long-term (beyond the first several years), substantially higher than the credit's roughly \$6 billion to \$8 billion annual revenue cost.
- Strengthening the credit by increasing the simplified credit from 14% to 20% is estimated to increase annual private research spending by an additional \$5 billion in the short-term and an additional \$11 billion in the long-term.
- In total, the overall policy – the existing credit plus strengthening the alternative simplified credit – is estimated to increase annual private research spending by \$15 billion in the short-term and \$33 billion in the long-term.
- Research-orientated employment in the U.S. would be 130,000 higher in the short-term and 300,000 higher in the long-term as a result of combining the existing credit and the strengthening of the alternative simplified credit.

“The research and development credit encourages businesses to make long-term investments in U.S.-based R&D that will create U.S jobs, boost the economy, and continue to spur innovation,” said Ronald Dickel, Coalition Chairman. “We encourage Congress to make the tax credit a more effective incentive for companies to locate their R&D facilities and jobs in the U.S.”

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