



April 27, 2006

The Honorable Bill Thomas
Chairman
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building

The Honorable Charles Grassley
Chairman
Committee on Finance
United States Senate
219 Dirksen Senate Office Building

The Honorable Jim McCrery
2104 Rayburn House Office Building

The Honorable Jon Kyl
730 Hart Senate Office Building

The Honorable David Camp
137 Cannon House Office Building

The Honorable Max Baucus
Ranking Member, Committee on Finance
219 Dirksen Senate Office Building

The Honorable Charles Rangel
Ranking Member, Committee on Ways and Means
1102 Longworth House Office Building

The Honorable Pete Stark
239 Cannon House Office Building

Dear Tax Conferee:

On behalf of the companies represented by our organizations – and the millions of U.S. workers they employ – we are writing to urge you to promptly enact a seamless extension of the R&D tax credit for as long a time period as possible along with the important provisions to strengthen the credit included in the House and Senate tax reconciliation bills.

The R&D credit expired on December 31, 2005. Research projects already in the pipeline will become more expensive and the projected cost of future U.S.-based research activities will rise. For some companies losing this support could be the difference between a project getting the green light or being put back on the shelf. Also, the lack of an extension to date has had financial consequences for companies who cannot take the credit into account for purposes of calculating their estimated tax payments and for financial statement purposes.

Enactment of a seamless extension of the R&D tax credit along with the other necessary modifications included in the House and Senate tax reconciliation bills will allow companies to maintain and add quality jobs in the United States. Failure to extend the credit may make it more economical for companies to conduct their research operations overseas – as many foreign tax regimes contain generous and permanent tax incentives for research. Since the R&D credit is only available for research conducted *within the United States*, it helps the United States keep its competitive edge.

Today's strong U.S. economy is a testament to past investments in technology and

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The R&D Credit Coalition is a group of more than 85 trade and professional associations and more than 1,000 small, medium and large companies engaged in U.S.-based research throughout major sectors of the U.S. economy, including aerospace, agriculture, biotechnology, chemicals, electronics, energy, information technology, manufacturing, medical technology, pharmaceuticals, software and telecommunications.

innovation. We must continue our nation's strong commitment to cutting-edge research in order to ensure continued U.S. economic strength and vitality. Once again, we urge you to promptly enact a seamless extension of the R&D tax credit along with the important improvements to the credit included in the House and Senate tax reconciliation bills.

Sincerely,

AdvaMed	Metal Treating Institute
AeA (American Electronics Association)	Motor and Equipment Manufacturers Association
Aerospace Industries Association of America	National Association of Manufacturers
Alabama Information Technology Association	National Electrical Manufacturers Association
Alliance of Automobile Manufacturers	National Shooting Sports Foundation
American Boiler Manufacturers Association	New Jersey Technology Council
American Chemistry Council	New Mexico Information Technology & Software Association
American Home Furnishings Alliance	Non-Ferrous Founders' Society
AMT-The Association For Manufacturing Technology	North Carolina Technology Association
Arizona Technology Council	Northeast Pennsylvania Manufacturers and Employers Association
Associated Industries of Massachusetts	Northern Virginia Technology Council
Association of Nonwoven Fabrics Industry	Pharmaceutical Research and Manufacturers of America
ASTRA, The Alliance for Science & Technology Research in America	Pittsburgh Technology Council
Biotechnology Industry Organization	San Diego Software Industry Council
Business Roundtable	Semiconductor Equipment and Materials International (SEMI)
Business Software Alliance	Semiconductor Industry Association
California Manufacturers & Technology Association	Silicon Valley Leadership Group
CHI - The California Healthcare Institute	SMC Business Councils
CompTIA	Software Association of Oregon
Connecticut Technology Council	Software Finance and Tax Executives Council
Consumer Healthcare Products Association	Southeastern Universities Research Association
Eastern Technology Council	Southwest Area Manufacturers Association
Electronic Industries Alliance (EIA)	Sporting Arms & Ammunition Manufacturers' Institute
Hawaii Science & Technology Council	TechNet
IEEE-USA	Telecommunications Industry Association (TIA)
Illinois IT Association (ITA)	The New England Council
Information Technology Association of America	The New York Software Industry Association
Information Technology Council of North Dakota	The Society of the Plastics Industry, Inc.
Information Technology Industry Council	U.S. Chamber of Commerce
IPC – Association Connecting Electronics Industries	Waste Equipment Technology Association
Jackson Area Manufacturers Association	Wood Moulding & Millwork Producers Association
Manufacturers Association of Central New York (MACNY)	WSA (formerly the Washington Software Alliance)
Mass Technology Leadership Council	
MESDA - Maine's Software & Information Technology Industry Association	