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Automotive, Heavy Duty Suppliers Urge Congress To Pass R&D Tax Credit Legislation

WASHINGTON, D.C. – The Motor and Equipment Manufacturers Association (MEMA), the nation’s oldest and largest association representing automotive and heavy duty suppliers, calls on Congress to pass legislation extending and strengthening the federal research and development (R&D) tax credit.

The credit, which expired on Dec. 31, 2005, is available for certain qualified R&D expenditures incurred by corporations located in the United States.

“The development of new technologies such as safety and fuel savings systems is integral to the health of the domestic motor vehicle supplier industry, making the R&D tax credit an issue of great significance to MEMA’s members,” said Bob McKenna, MEMA president and CEO.

“However, despite strong bipartisan support in both the House and the Senate for extending and strengthening the R&D credit, Congress has yet to send such legislation to the president,” he added.

“The R&D credit helps MEMA members to create and retain high-wage, high-skill jobs in the United States,” McKenna said. “If the credit is not renewed, these jobs will be endangered, and our members’ ability to continue sophisticated domestic R&D programs will be greatly reduced. Failure to renew the credit will also continue to cause MEMA’s members to suffer multi-million dollar pre-tax losses.”

MEMA members have urged Congress to pass legislation this November, which seamlessly continues the federal R&D tax credit and its incentive effect.

“The tax credit is a crucial tool in U.S. companies’ search for high-skill, high-wage R&D jobs,” McKenna said. “It mitigates the migration of R&D investments and jobs abroad in order to compete in the global market,” he added.

MEMA (www.mema.org) represents more than 700 motor vehicle product manufacturers with nearly 12,000 U.S. plant locations and 1.2 million workers. Together, these companies keep the U.S. automotive and truck industry supplied with the components that enable it to produce some 17 million vehicles annually and keep the 232 million vehicles on the road with replacement products and services. MEMA supports its members through its three market segment associations: Automotive Aftermarket Suppliers Association (AASA), Heavy Duty Manufacturers Association (HDMA) and Original Equipment Suppliers Association (OESA).

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