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EIA to Congress: R&D Tax Credit Extension and Strengthening Critical to the Future of U.S. High-Tech Innovation

Arlington, Va. – With the expiration looming tomorrow for the federal research and development tax credit, the Electronic Industries Alliance (EIA), the leading advocate for the U.S. high-tech industry, today again urged Congress to take swift action to extend and enhance the credit.

“The R&D credit provides EIA’s 2,500 high-tech member companies with an important incentive to accelerate innovation,” EIA President Dave McCurdy said. “Other nations are investing heavily in R&D, and it is imperative that the U.S. remain competitive by extending and strengthening the R&D credit. R&D is a core business operation for U.S. high-tech companies developing, testing, refining and perfecting new innovations in science, technology, telecommunications and other areas. Because of the credit, the work necessary to create the next big thing in U.S. innovation is more cost-effective. If the credit expires on June 30, the cost of doing U.S.-based research will undoubtedly increase.

“As EIA recently noted in its policy playbook, ‘The Technology Industry at an Innovation Crossroads’ (available at www.eia.org), research and development plays a vital, foundational role in the U.S. high-tech industry by facilitating commercial innovation through scientific and technological discovery. What’s more, U.S. leadership in facilitating and capturing the economic benefits of innovation has two cornerstones: fostering broad R&D activity and creating an environment that facilitates commercial innovation of R&D results. If the R&D credit expires, the environment that allows U.S. high-tech industries to compete on a global basis will be in jeopardy.

“Congress has endorsed the R&D credit by extending it 10 times since its enactment, but the lack of an ongoing credit and certainty in business planning could result in some companies deciding to locate future projects offshore, where R&D policies are more generous and stable,” McCurdy added. “It is in the best interests of U.S. high-tech and our economy for Congress to immediately approve an extension of the credit and include Senate-passed modifications that would allow more companies to perform research activities in the U.S.”

About EIA: The Electronic Industries Alliance is the leading trade organization in the U.S. for the high-tech industry. Its 2,500 member companies provide products and services ranging from microscopic electronic components to state-of-the-art defense, space and industry high-tech systems, as well as the full range of telecommunications and consumer electronic products. EIA’s mission is to promote the market development and competitiveness of the U.S. high-tech industry through domestic and international policy efforts. For more information, please visit www.eia.org.

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