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More Than 3,400 U.S. Workers Urge Congress to Renew Expired R&D Tax Credit

American Workers Across Manufacturing, Information Technology, Biotech and Other Industries Tell Congress that Lapsed Credit Has Placed Their Jobs at Risk

September 10, 2008, Washington, DC – Troubled that the U.S. Congress has still not renewed the research and development (R&D) tax credit that expired last December, more than 3,400 American R&D workers from industries such as manufacturing, information technology, biotech and healthcare representing 123 companies and 43 states today sent a letter to lawmakers urging them to reinstate the credit that drives billions of dollars in domestic economic activity.

The workers, citing concerns that the lapsed R&D credit places their jobs at risk, called on Congress to work in a bipartisan manner to support this tax incentive. On average, 70 percent of the R&D credits claimed are attributable to spending for U.S. R&D wages, according to an Ernst & Young study prepared for the R&D Credit Coalition. The credit helps keep R&D jobs in the United States because only R&D performed in the United States qualifies for the credit.

While the tax credit is expired, an increasing amount of research funding is being committed to countries such as Ireland, China and Canada with more attractive R&D tax incentives luring research jobs away from the United States. The United States has already fallen out of the top rank of OECD nations offering tax incentives for private sector R&D.

In their open letter to Congress, the R&D employees wrote:

“We write to you – from companies across the country both large and small – to address an issue that we believe will affect the likelihood that high-skilled jobs such as ours are located in our communities and in our country.

The signatures you see on this letter represent just some of the tens of thousands of real people who have benefited positively from the effects of the credit over the past 26 years. You can read studies and surveys, but we are living proof that the vast majority of R&D credit dollars go directly to pay wages of high-skilled American workers.

As you work to boost U.S. economic activity, please act quickly to reinstate and strengthen a program with a track record of more than two decades of success.”

For the full text of the letter to Congress and the signatories, please visit:

<http://www.investinamericasfuture.org/secondletter>

For the R&D Credit Study by Ernst & Young for R&D Credit Coalition – April 2008, please visit:

<http://www.investinamericasfuture.org/PDFs/R&DTaxCreditStudy2008final.pdf>

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