



P R E C I S I O N

National Tooling & Machining Association

NTMA Urges Congress to Extend Research and Development Tax Credit Before the End of the Year

NEWS RELEASE - Tuesday, November 14, 2006

CONTACT: Stephanie Salmon, NTMA Washington Office – 866/718-0013

The R&D tax credit plays a vital role in ensuring that the tooling and machining industry maintains a competitive edge

WASHINGTON, D.C. November 14, 2006 – “The Congress needs to act by the end of the year to extend the research and development (R&D) tax credit to renew our country’s strong commitment to research and innovation,” said Rob Akers, the National Tooling and Machining Association’s (NTMA)’s Chief Operating Officer.

“The R&D tax credit plays a vital role in ensuring that the tooling and machining industry maintains a competitive edge,” he added. “Many of our member companies have a long and successful track record of performing R&D which helps to develop new products, tools and technology, as well as increase productivity to compete against our lower-cost foreign competitors.”

At a time when many of our trading partners offer stronger and permanent or long-term credits, the on-again off-again nature of the U.S. credit and the failure to extend it threaten to undermine innovative research in our country. Akers highlighted the fact that one of the tooling and machining industry’s largest competitors, China, is taking a page from the U.S. playbook by structuring its tax system to attract industries by offering businesses a tax deduction of 150 percent for R&D expenditures.

The benefits of the R&D tax credit are well-documented:

- It is available to companies of all sizes who undertake qualified research activities within the United States.
- Nearly 60% of all private U.S.-based R&D is performed by manufacturers.
- More than 75% of credit dollars go directly to R&D wages and salaries, supporting thousands of research jobs, while the remaining 25% is used for supplies.

If Congress does not renew the tax credit and add some predictability into the system, the United States is in danger of its R&D activities relocating abroad. And, when that happens, innovation, wealth and jobs will follow. NTMA strongly urges Congress to extend the R&D tax credit this year and not let it continue to lapse.

- NTMA -

The National Tooling and Machining Association (NTMA) represents over 1,600 custom precision manufacturers and 55,000 employees across the nation. Our member companies, the majority of which are small businesses, produce thousands of special tools, dies, jigs, fixtures, gages, molds, special machines, and precision machined parts. Our industry supplies the necessary precision tooling and machining for such vital industries as defense, automotive, aerospace, appliance, electronics, agriculture, transportation, environmental, construction, and many more.