

## **SEMI Urges Congress to Strengthen and Make Permanent the R&D Tax Credit**

WASHINGTON, D.C., June 16, 2005—SEMI today urged Congress to pass the “Investment in America Act of 2005” (S. 627 & H.R. 1736), which would strengthen and permanently extend the R&D tax credit.

SEMI supports the permanent extension of the federal Research and Experimentation (R&D) tax credit to foster innovation and promote the continued investment by our industry in the research and development of new microelectronics technologies. Congress must act quickly to secure passage of this legislation to make permanent and strengthen the R&D tax credit as the current credit is due to expire for the 12<sup>th</sup> time on December 31, 2005.

As an industry highly dependent on R&D, SEMI members face some of the highest R&D costs due to the fast-paced and complex challenges of microelectronics. SEMI member companies spend an average of 15 percent of their revenues on R&D of advanced semiconductor manufacturing processes and technology. Some industry segments, like lithography, incur even greater costs for R&D.

“The impermanence of the credit makes it difficult for companies to plan long-term R&D,” said Victoria Hadfield, president of SEMI North America. “In a global and highly competitive industry, the R&D tax credit is a strong incentive to foster innovation and technology leadership in the United States. Rising R&D costs, in the absence of the tax credit, will only encourage companies to move more R&D overseas, creating a negative impact on high-wage jobs growth and domestic technology innovation.”

SEMI is a global industry association for companies participating in the microelectronics and display industries. SEMI maintains offices in Austin, Beijing, Brussels, Hsinchu, Moscow, San Jose (Calif.), Seoul, Shanghai, Singapore, Tokyo and Washington, D.C. For more information, visit [www.semi.org](http://www.semi.org).

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