

FOR IMMEDIATE RELEASE

For more information:

Semiconductor Industry Association

John Greenagel/Daryl Hatano

408-436-6600

[mailbox@sia-online.org](mailto:mailbox@sia-online.org)

## **SIA SAYS R&D TAX CREDIT EXTENSION IS VITAL TO U.S. TECHNOLOGY LEADERSHIP**

**- R&D tax credit should be broadened and made permanent -**

**San Jose, Calif., – June 16, 2005** – The Semiconductor Industry Association (SIA) today called for enactment of legislation to enhance and make permanent the R&D tax credit. The current law authorizing the credit is set to expire at the end of 2005 unless Congress passes legislation to extend it.

“Aggressive investment in research and development is critical to U.S. leadership in Information Technology, which in turn is the cornerstone of our national strategies for economic growth, productivity improvement, and national security,” said SIA President George Scalise. “Studies have shown that since 1995 IT-producing industries have accounted for 25 percent of U.S. economic growth while making up only 3 percent of U.S. gross domestic product. Advances in semiconductor technology are a principal factor in making IT products faster, better, and cheaper.”

Scalise said that U.S. semiconductor companies spent approximately \$ 17 billion -- 17 cents out of every dollar of revenue – on R&D in 2004. “The R&D tax credit is a very important incentive for sustaining investment in R&D activities. We strongly urge Congress to pass legislation – H.R. 1736 and S. 627 – to enhance and make permanent the R&D tax credit. The temporary nature of the existing R&D tax credit is a major drawback because it creates a high degree of uncertainty in the planning process. Provisions contained in H.R. 1736 and S. 627 will strengthen the incentive value of the tax credit and make the U.S. more competitive with countries that are trying to attract these high-value activities,” Scalise concluded.

### **About the SIA**

The SIA is the leading voice for the semiconductor industry and has represented U.S. semiconductor companies since 1977. Collectively, the chip industry employs a domestic workforce of 255,000 people. More information about the SIA can be found at [www.sia-online.org](http://www.sia-online.org).