

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

September 21, 2007

The Honorable Nancy Pelosi  
Speaker  
House of Representatives

The Honorable John Boehner  
Minority Leader  
House of Representatives

The Honorable Charles Rangel  
Chairman  
Committee on Ways and Means

The Honorable Jim McCrery  
Ranking Member  
Committee on Ways and Means

Dear Speaker Pelosi, Leader Boehner, Chairman Rangel and Ranking Member McCrery:

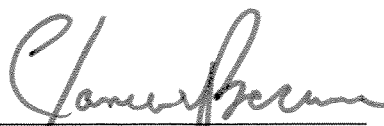
As Members of the California Congressional Delegation, we wish to highlight the importance of the Internal Revenue Code section 41 research tax credit and its role in driving cutting-edge research projects. We believe Congress should extend and strengthen this important tax credit, which will expire on December 31, 2007, for as long a period as possible and we urge you to bring before the House such legislation as soon as is practical.

California's dynamic economy is a testament to the economic growth and productivity gains that spring from smart investments in tangible capital assets, research and development, human capital and public infrastructure. In 2000, California ranked first in the United States in research and development (R&D) activity as well as in its share of total dollars distributed for R&D activities - California represents 23 percent of total U.S. spending on R&D. The most recent data available shows that in 2003, expenditures on R&D in California reached nearly \$60 billion, representing an increase of \$8.3 billion over the previous year.

Due to California's vast investments in R&D activities, the federal R&D tax credit is crucial to California's economy. Only those costs associated with research performed in the United States are eligible for the credit and the majority of the expenses claimed are for wages paid to U.S. employees. The R&D credit has proven to be an effective means of encouraging companies to increase their American-based research activities and to keep those jobs in the U.S. and, as a result, in California.

California companies lead the nation and the world in many high-tech, cutting-edge fields. The continued growth of California's economy, not to mention the U.S. economy, is closely tied to the ability of California companies to make a sustained commitment to long-term high cost research. Extending and strengthening the federal R&D tax credit will help continue California's leadership in innovation. We look forward to working with you to continue our shared commitment to research and development in the United States.

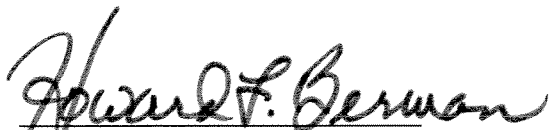
Sincerely,



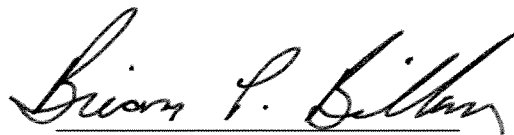
XAVIER BECERRA  
Member of Congress



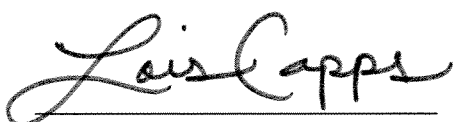
WALLY HERGER  
Member of Congress



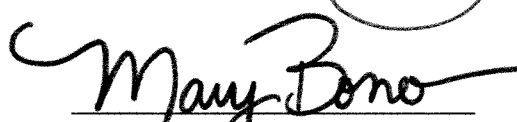
HOWARD BERMAN  
Member of Congress



BRIAN BILBRAY  
Member of Congress



LOIS CAPPS  
Member of Congress



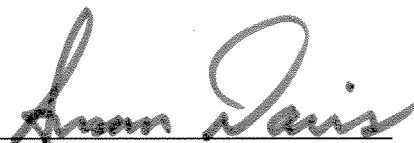
MARY BONO  
Member of Congress



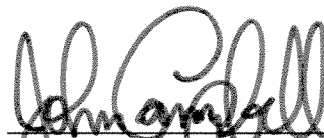
JIM COSTA  
Member of Congress



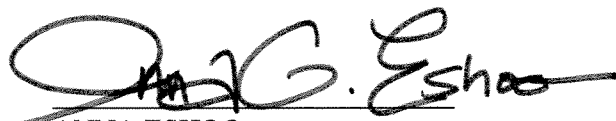
KEN CALVERT  
Member of Congress



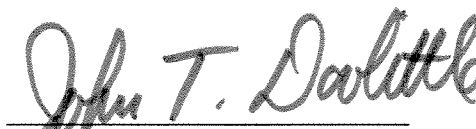
SUSAN DAVIS  
Member of Congress



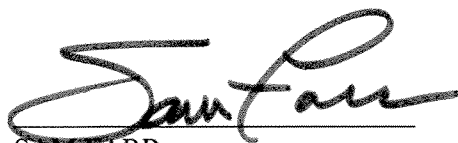
JOHN CAMPBELL  
Member of Congress



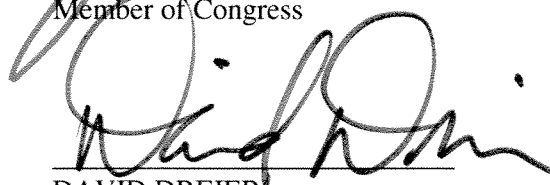
ANNA ESHOO  
Member of Congress




JOHN DOOLITTLE  
Member of Congress

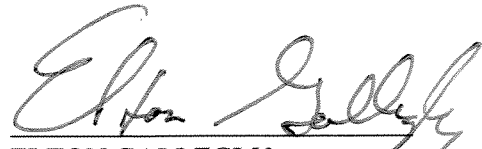



SAM FARR  
Member of Congress

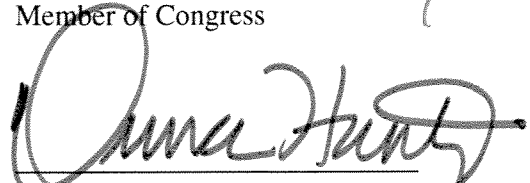


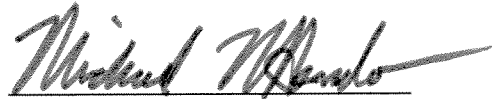
DAVID DREIER  
Member of Congress

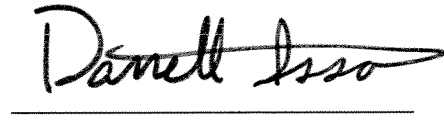
  
BOB FILNER  
Member of Congress

  
ELTON GALLEGLY  
Member of Congress

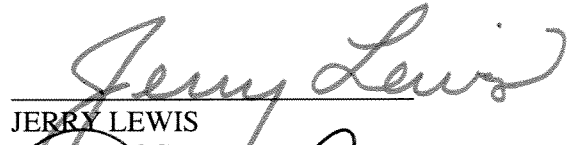
  
JANE HARMAN  
Member of Congress

  
DUNCAN HUNTER  
Member of Congress

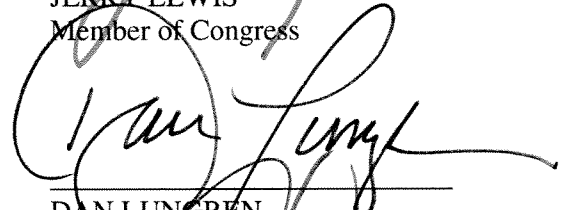
  
MIKE HONDA  
Member of Congress

  
DARRELL ISSA  
Member of Congress

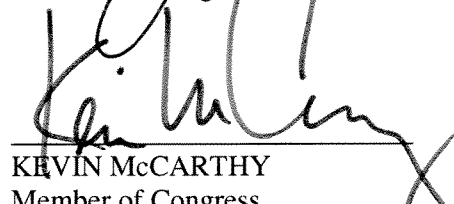
  
TOM LANTOS  
Member of Congress

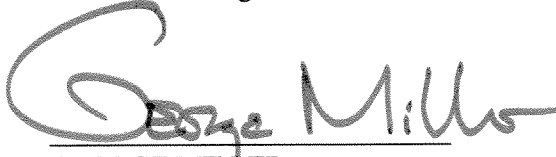
  
JERRY LEWIS  
Member of Congress

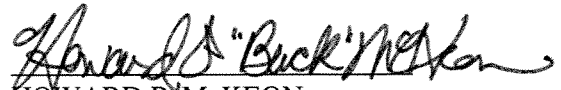
  
ZOE LOFGREN  
Member of Congress

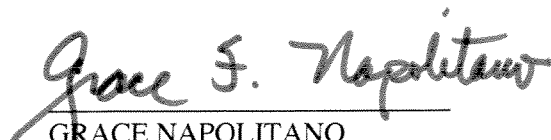
  
DAN LUNGREN  
Member of Congress

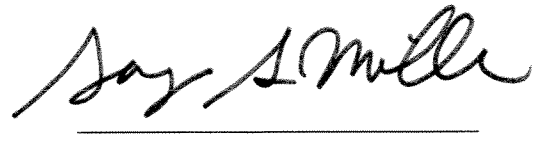
  
GERALD McNERNEY  
Member of Congress

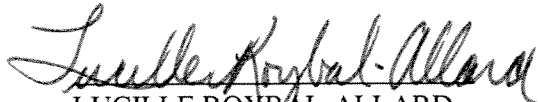
  
KEVIN McCARTHY  
Member of Congress


  
GEORGE MILLER  
Member of Congress


  
HOWARD P. McKEON  
Member of Congress


  
GRACE NAPOLITANO  
Member of Congress

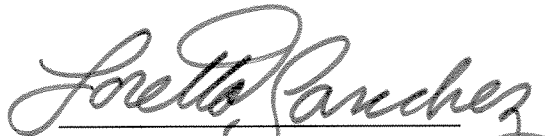
  
GARY MILLER  
Member of Congress


  
LUCILLE ROYBAL-ALLARD  
Member of Congress


  
GEORGE RADANOVICH  
Member of Congress

  
LINDA SÁNCHEZ  
Member of Congress


  
DANA ROHRABACHER  
Member of Congress

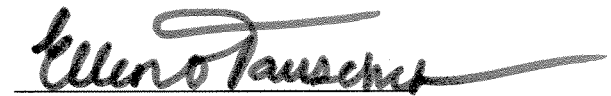
  
LORETTA SÁNCHEZ  
Member of Congress


  
ED ROYCE  
Member of Congress


  
ADAM SCHIFF  
Member of Congress


  
BRAD SHERMAN  
Member of Congress

  
HILDA SOLIS  
Member of Congress

  
ELLEN TAUSCHER  
Member of Congress

  
DIANE WATSON  
Member of Congress

  
HENRY WAXMAN  
Member of Congress

  
LYNN WOOLSEY  
Member of Congress