

Congress of the United States

House of Representatives

Washington, DC 20515

June 26, 2006

The Honorable Bill Frist
Majority Leader
United States Senate
Washington, DC 20515

The Honorable Dennis Hastert
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Harry Reid
Democratic Leader
United States Senate
Washington, DC 20515

The Honorable Nancy Pelosi
Democratic Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Buck McKeon
Education & the Workforce
Committee Chairman
Washington, DC 20515

The Honorable George Miller
Education & the Workforce
Committee Ranking Member
Washington, DC 20515

The Honorable Michael Enzi
Health, Education, Labor and Pension
Committee Chair
Washington, DC 20515

The Honorable Edward Kennedy
Health, Education, Labor and Pension
Committee Ranking Member
Washington, DC 20515

Dear House and Senate Leadership and Pension Protection Act conferees:

We are increasingly concerned that the expiration last December of the research and development tax credit could hurt our ability to maintain America's competitive advantage in the global economy.

When the House and Senate both included an enhanced R&D credit in last year's reconciliation measures, we sent a powerful signal to American industry that Congress was ready to help preserve and enhance our competitive advantage. When the R&D credit was excluded from the recently signed Conference report on tax reconciliation, we were hopeful that it would be included in the next appropriate tax measure as soon as possible. It has now expired for nearly 6 months.

We believe that the Pension Protection Act of 2005 Conference report is the best vehicle to extend and enhance the R&D credit, and the House passed version that includes language authored by our colleagues Dave Camp and Nancy Johnson is the right approach to addressing the problem.

The R&D tax credit is responsible for stimulating U.S. investment, wage growth, consumption and exports, which all contribute to a stronger economy and a higher U.S. standard of living. Expanding and extending the R&D tax credit is a crucial element in improving the competitiveness of the U.S. high-tech sector, as well U.S. businesses generally.

We encourage the Leadership and the Conference Committee to include this language and look forward to working with you to make this a reality.

Sincerely,

Bob Goodlett

Lamar Smith

Phillip

Jim Lammiman

Tom Tom

John T. Doolittle

Richard Pombo

John Dier VA-01

Robert H. Stroman

1-9

Judy Biggart

Mark King

Vernon Ehlers

Cathy McMoris

~~Joseph Wilson~~

Joe Wilson

~~John~~

~~John~~

Michael T. McLeod

~~Donald Dries~~
Sherrwood Beckler

Chip Pihering

Heather Wilson

Julio Woy

John B. Carter

John E. Sweeney

Marsha Blackburn

Houman Cole