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MEDIA ADVISORY:

A.I.M. Disappointed With Congress Failure to Act on R&D Bill

Boston, Mass. - Associated Industries of Massachusetts (A.I.M.), an employer association of more than 7,600 Bay State companies and institutions, is disappointed that Congress was unable to reconcile tax legislative proposals (including S. 627 - The Investment Act of 2005) before adjourning, thus causing the federal ("R&D credit") to expire on December 31st - the 12th time this has occurred since it was created in 1981. As a result of congressional inaction, the prospective cost of conducting U.S. based research for nearly 16,000 companies that use the R&D credit, including many of A.I.M. member companies is likely to increase, since the expired credit can not be assumed in forecasting project costs or reporting financial results.

The United States must compete for R&D investment dollars with Canada, France, Japan, the United Kingdom, India, Spain, Indonesia, Singapore, and other countries that provide generous, permanent R&D incentives to induce business to locate research activities in those countries. For example, Canada provides a 20-percent flat credit for R&D spending that includes wages and capital expenditures.

"It is imperative to keep R&D work in the USA, and A.I.M. appreciates the support of Senators Kennedy and Kerry and Congressmen Frank, Neal and McGovern, who are co-sponsors of bills to allow more companies to perform research activities in the United States," said Richard Lord, A.I.M.'s President and CEO. "Thousands of manufacturing and information services firms utilize the federal credit annually." Lord added that, "on a per capita basis, Massachusetts is one of the top three states in R&D, so it is very unfortunate that the Congress was unable to reconcile the measure before adjournment."

Growth in jobs and raising America's standard of living depend on U.S. based investments in research and innovation. The R&D credit is critical to the ability of businesses of *all* sizes to make those investments in the United States, particularly when many of America's trading partners already provide richer R&D incentives.

As a member of the National R&D Coalition, A.I.M. urges Congress to act quickly to restore seamlessly and to strengthen this most important economic development incentive.