April 27, 2006

The R&D Credit Coalition is a group of more than 85 trade and professional associations and more than 1,000 small, medium and large companies engaged in U.S.-based research throughout major sectors of the U.S. economy, including aerospace, agriculture, biotechnology, chemicals, electronics, energy, information technology, manufacturing, medical technology, pharmaceuticals, software and telecommunications.

The Honorable Bill Thomas
Chairman
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building

The Honorable Charles Grassley
Chairman
Committee on Finance
United States Senate
219 Dirksen Senate Office Building

The Honorable Jim McCrery
2104 Rayburn House Office Building

The Honorable Jon Kyl
730 Hart Senate Office Building

The Honorable David Camp
137 Cannon House Office Building

The Honorable Max Baucus
Ranking Member, Committee on Finance
219 Dirksen Senate Office Building

The Honorable Charles Rangel
Ranking Member, Committee on Ways and Means
1102 Longworth House Office Building

The Honorable Pete Stark
239 Cannon House Office Building

Dear Tax Conferee:

On behalf of the companies represented by our organizations – and the millions of U.S. workers they employ – we are writing to urge you to promptly enact a seamless extension of the R&D tax credit for as long a time period as possible along with the important provisions to strengthen the credit included in the House and Senate tax reconciliation bills.

The R&D credit expired on December 31, 2005. Research projects already in the pipeline will become more expensive and the projected cost of future U.S.-based research activities will rise. For some companies losing this support could be the difference between a project getting the green light or being put back on the shelf. Also, the lack of an extension to date has had financial consequences for companies who cannot take the credit into account for purposes of calculating their estimated tax payments and for financial statement purposes.

Enactment of a seamless extension of the R&D tax credit along with the other necessary modifications included in the House and Senate tax reconciliation bills will allow companies to maintain and add quality jobs in the United States. Failure to extend the credit may make it more economical for companies to conduct their research operations overseas – as many foreign tax regimes contain generous and permanent tax incentives for research. Since the R&D credit is only available for research conducted within the United States, it helps the United States keep its competitive edge.

Today’s strong U.S. economy is a testament to past investments in technology and
innovation. We must continue our nation’s strong commitment to cutting-edge research in order to
ensure continued U.S. economic strength and vitality. Once again, we urge you to promptly
enact a seamless extension of the R&D tax credit along with the important improvements to the
credit included in the House and Senate tax reconciliation bills.

Sincerely,

AdvaMed
AeA (American Electronics Association)
Aerospace Industries Association of America
Alabama Information Technology Association
Alliance of Automobile Manufacturers
American Boiler Manufacturers Association
American Chemistry Council
American Home Furnishings Alliance
AMT-The Association For Manufacturing Technology
Arizona Technology Council
Associated Industries of Massachusetts
Association of Nonwoven Fabrics Industry
ASTRA, The Alliance for Science & Technology Research in America
Biotechnology Industry Organization
Business Roundtable
Business Software Alliance
California Manufacturers & Technology Association
CHI - The California Healthcare Institute
CompTIA
Connecticut Technology Council
Consumer Healthcare Products Association
Eastern Technology Council
Electronic Industries Alliance (EIA)
Hawaii Science & Technology Council
IEEE-USA
Illinois IT Association (ITA)
Information Technology Association of America
Information Technology Council of North Dakota
Information Technology Industry Council
IPC – Association Connecting Electronics Industries
Jackson Area Manufacturers Association
Manufacturers Association of Central New York (MACNY)
Mass Technology Leadership Council
MESDA - Maine's Software & Information Technology Industry Association
Metal Treating Institute
Motor and Equipment Manufacturers Association
National Association of Manufacturers
National Electrical Manufacturers Association
National Shooting Sports Foundation
New Jersey Technology Council
New Mexico Information Technology & Software Association
Non-Ferrous Founders' Society
North Carolina Technology Association
Northeast Pennsylvania Manufacturers and Employers Association
Northern Virginia Technology Council
Pharmaceutical Research and Manufacturers of America
Pittsburgh Technology Council
San Diego Software Industry Council
Semiconductor Equipment and Materials International (SEMI)
Semiconductor Industry Association
Silicon Valley Leadership Group
SMC Business Councils
Software Association of Oregon
Software Finance and Tax Executives Council
Southeastern Universities Research Association
Southwest Area Manufacturers Association
Sporting Arms & Ammunition Manufacturers’ Institute
TechNet
Telecommunications Industry Association (TIA)
The New England Council
The New York Software Industry Association
The Society of the Plastics Industry, Inc.
U.S. Chamber of Commerce
Waste Equipment Technology Association
Wood Moulding & Millwork Producers Association
WSA (formerly the Washington Software Alliance)