



10 May 2006

The Honorable Charles E. Grassley  
Chair, Senate Finance Committee  
135 Hart Senate Office Building  
United States Senate  
Washington, DC 20510

The Honorable Max Baucus  
Ranking Member, Senate Finance Committee  
511 Hart Senate Office Building  
United States Senate  
Washington, DC 20510

Dear Senators Grassley and Baucus:

On behalf of the Institute of Electrical and Electronics Engineers-United States of America (IEEE-USA) I would like to request that, as Chairman and Ranking Minority Member of the Senate Finance Committee, you take immediate action on passing the Protecting America's Competitive Edge (PACE) Finance Act (S.2199). As part of the PACE Package, a comprehensive initiative designed to promote and protect America's global leadership in science and technology, PACE Finance includes permanent extension of the R&D Tax Credit and a tax credit for employee continuing education. IEEE-USA strongly endorses these provisions.

Research and development is a vital component of this country's economic engine, and a key to U.S. global leadership in science and technology. Similarly, the tax credit is an essential incentive for companies to help mitigate the risk of investing in research that may not be realized in profitable products for many years to come, but will ultimately make the United States more competitive in the emerging global market. By providing an incentive for expanding private-sector investments in technology, the R&D Tax Credit improves productivity and encourages technological innovations that help sustain U.S. competitiveness, create jobs, and ensure our national security.

To provide an effective incentive to the private sector for expanding R&D investments, it is critical that the R&D tax credit be made permanent, so that it can be factored into business planning on a consistent and predictable basis. The current R&D tax has been extended at least eleven times since first enacted in 1981. But the uncertainty created by these short-term extensions discourages companies from investing in critical, long-term, high-risk research projects that have historically shown tremendous payoffs in economic growth, productivity gains and jobs.

Affordable access to lifelong learning (continuing education) is also urgently needed to enable the nation's research and development workforce to remain on the cutting edge of rapidly changing technologies and help keep American companies competitive. A tax credit for educational costs incurred by companies that help their employees to maintain and improve mission-critical knowledge and skills will serve as a vital supplement to the research and development tax credit.

The increasingly competitive nature of the emerging global economy mandates that the United States take proactive measures, such as a permanent R&D tax credit, to ensure a strong domestic science and technology research and development base. The PACE Finance bill is a vital step in that effort. We urge the Senate Finance Committee to act now to get this legislation passed. IEEE-USA stands ready and willing to assist this effort in any way we can.

IEEE-USA advances the public good and promotes the careers and public policy interests of more than 220,000 engineers, scientists and allied professionals who are U.S. members of the IEEE. IEEE-USA is part of the IEEE, the world's largest technical professional society with 360,000 members in 150 countries. For more information, go to <http://www.ieeeusa.org>, or contact Bill Williams at (202) 530-8331; [bill.williams@ieee.org](mailto:bill.williams@ieee.org).

Sincerely,

A handwritten signature in black ink that reads "Ralph W. Wyndrum, Jr." The signature is written in a cursive style with a vertical line to the right of the text.

Ralph W. Wyndrum, Jr., Eng.Sc.D.  
President, IEEE-USA

cc: Senate Finance Committee Members