



20 February 2014

The Honorable John Boehner
Speaker of the House of Representatives
H-232 Capitol Building
Washington, DC 20515

Dear Mr. Speaker:

I am writing on behalf of the Institute of Electrical and Electronics Engineers-United States of America (IEEE-USA) to urge you to permanently extend the Research and Development (R&D) tax credit.

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 credit has been extended almost yearly, 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. A recent study shows the merits of a strengthened, permanent credit, citing "recent studies show that the credit produces approximately a dollar for dollar increase in current research spending..."¹ Additionally, since almost 70 percent of R&D tax credit dollars claimed is for the salaries of research employees, the credit benefits technologists, engineers, and scientists directly by fostering high-skilled, high-wage jobs in the United States. At a time when U.S. companies are increasingly looking to develop products for foreign markets offshore, the R&D tax credit encourages companies to keep a greater portion of R&D, and the related jobs, in the United States.

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. In that competitive global environment, other nations utilize tax incentives to encourage business R&D spending.²


¹ *Investing in U.S. Competitiveness: The Benefits of Enhancing the Research and Experimentation (R&E) Tax Credit*, U.S. Department of the Treasury, A Report from the Office of Tax Policy, March 25, 2011, p. 2.

² OECD (2013), "R and D tax incentives", in *OECD Science, Technology and Industry Scoreboard 2013: Innovation for Growth*, OECD Publishing. http://dx.doi.org/10.1787/sti_scoreboard-2013-16-en

We urge Congress to act now on this important issue. Thank you for your attention.

IEEE-USA is an organizational unit of the Institute of Electrical and Electronics Engineers, Inc. (IEEE), the world's largest organization for technical professionals, and a leading educational and scientific association for the advancement of technology. IEEE-USA fosters technological innovation for the benefit of all, including more than 200,000 U.S. engineers, scientists, and allied professionals who are members of the IEEE. If we can be of further assistance, please contact James Savage in our Washington office at (202) 530-8330 or email at james.savage@ieee.org.

Sincerely,

A handwritten signature in black ink on a light-colored rectangular background. The signature reads "Gary L. Blank" in a cursive, slightly stylized font.

Gary L. Blank
2014 President, IEEE-USA