

April 2, 2003

The Honorable Bill Thomas
Chairman
Committee on Ways and Means
United States House of Representatives
Washington, DC 20515

The Honorable Charles Rangel
Ranking Member
Committee on Ways and Means
United States House of Representatives
Washington, DC 20515

The Honorable Charles Grassley
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Max Baucus
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Chairman Thomas and Grassley, and Ranking Member Rangel and Baucus:

As Congress considers tax legislation that will stimulate growth in the economy, we urge you to include a permanent extension of the research and experimentation tax credit (the "R&D credit") with the modifications that are contained in H.R. 463 and S. 664. These changes will make the credit a more effective incentive for research-intensive businesses to perform R&D in the United States.

Research-intensive businesses are facing the same challenges as other companies in the U.S. After a decade of tremendous growth in R&D spending, current projections show flat growth in R&D spending for 2003. These projections are troublesome. Since the credit was created in 1981, investments in technology and innovation have spurred economic growth and contributed greatly to our country's high standard of living. Continued R&D spending is a necessary element in our country's ability to invest for our future.

The R&D tax credit provides companies with a critical, effective and proven incentive to maintain and increase their investment in U.S.-based research and development. Making the credit permanent will provide certainty to businesses that are making critical long-term investment decisions. A permanent credit will encourage the expedited initiation of research projects, create additional jobs and lay a foundation for long-term economic expansion in the U.S.

The credit also should be strengthened so that it provides an incentive for even more businesses engaged in significant research to invest in R&D in the United States. An increase in the Alternative Incremental Research Credit (AIRC) rates and a new elective alternative credit formula, as proposed in H.R. 463 and S. 664, would provide such an incentive.

Continued growth of our economy is inextricably tied to the ability of companies to make a sustained commitment to long-term research. We thank you for your dedication to policies that will strengthen our economy in this uncertain period and ask for your strong support for enacting a permanent and strengthened credit this year.

Sincerely,

601 Pennsylvania Avenue, NW • Suite 600 • North Bldg. • Washington, DC 20004
(202) 682-4454 • www.nam.org/RnDCredit

The R&D Credit Coalition comprises more than 85 trade and professional associations and more than 1,000 small, medium and large companies which engage in U.S.-based research that represent major sectors of our economy, including aerospace, biotechnology, chemicals, electronics, information technology, manufacturing, pharmaceuticals and telecommunications.

Organizations

Advanced Medical Technology Assn. (AdvaMed)	New Jersey Technology Council
AeA (American Electronics Association)	New York Software Industry Association
Aerospace Industries Association	North Carolina Biosciences Organization
American Chemistry Council	Northeast Ohio Software Association
American Council on Education	Northeast Tennessee Technology Council
American Furniture Manufacturers Association	Northern Virginia Technology Council
American Textile Manufacturers Institute (ATMI)	NYNMA (New York New Media Association)
Battery Council International	Pittsburgh Technology Council
Biotechnology Industry Organization	San Diego Software Industry Council
Business Software Alliance	San Jose Silicon Valley Chamber of Commerce
California Healthcare Institute	Semiconductor Equipment and Materials International
Chicago Software Association	Semiconductor Industry Association
Computing Technology Industry Association	Silicon Valley Tax Directors Group
Connecticut Technology Council	Software and Information Technology of Iowa
Detroit Regional Chamber	Software Association of Oregon
Eastern Technology Council [Pennsylvania]	Software Finance and Tax Executives Council
Hawaii Technology Trade Association	Specialty Equipment Market Association
Indiana Medical Device Manufacturers Council	TechNet
Information Technology Association of America	Technology Council of Central Pennsylvania
Information Technology Industry Council	Technology Council of Maryland
IPC - Association Connecting Electronics Industries	TechPoint
IT Alliance of Appalachian Ohio	The Business Roundtable
Maine's Software & Information Technology Industry Association	The Refractories Institute
Massachusetts Software & Internet Council	The Tax Council
National Association of Manufacturers	U.S. Chamber of Commerce
	Utah Information Technology Association (UITA)
	WSA (formerly the Washington Software Alliance)

Companies

2Contract, Inc.	Advanced Micro Devices
3M	Agilent Technologies, Inc.
A. O. Smith Corporation	Air Products and Chemicals, Inc.
ADC Telecommunications, Inc.	Akzo Nobel Inc.
Aditi Technologies	Albemarle Corporation
Adobe Systems Incorporated	Alcatel
Advanced Energy Industries, Inc	Altera Corporation

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Alvaka Networks
Ameritec Corporation
Amgen Inc.
Apple
Applied Materials, Inc.
Applied Micro Circuits Corporation
Arizona Instrument LLC
Ascential Software Corporation
Ashland Inc.
AT&T Corporation
Athenium, Inc.
Attachmate Corporation
AuthenTec, Inc.
Authoria Inc.
Autobytel Inc.
Autodesk, Inc.
Avaya Inc.
Aventis
Axian, Inc.
Axis Technology, LLC
BASF Corporation
BEA Systems, Inc.
Berlex Laboratories, Inc.
Best Software US Operations
Biogen, Inc.
Blaze Network Products, Inc
BMC Software
The Boeing Company
Boston Scientific Corporation
BridgeForward Software, Inc.
Brocade Communications Systems, Inc.
BSI Proteomics Corporation
Cadence Design Systems
Canesta, Inc.
Canon Development Americas, Inc.
Case New Holland Inc.
Catalyst Systems
Cattron Group Inc.
Celestica
Cenquest, Inc.
Centra Software, Inc.
Cephalon, Inc
Cerius Consulting
Certusoft, Inc.
Checkfree Corporation
Chiron Corporation
CIENA Corporation
Citrix Systems
Communica, Inc.
Computer Sciences Corporation
Concerto Software, Inc.
Conexant Systems, Inc.
Consystant Design Technologies, Inc.
Corning Incorporated
CPDI
Cree, Inc.
Crompton Corporation
Custom Fab Solutions
Cymer, Inc.
DaimlerChrysler Corporation
datamatic, Ltd.
Dell Computer Corporation
Delphi Corporation
Delta Design, Inc.
Demo Systems LLC
Domaille Engineering, LLC
The Dow Chemical Company
Dow Corning Corporation
DPAC Technologies Corporation
Duke Scientific Corporation
DuPont
Durez Corporation
Dynamic Instrument, Inc.
Eastman Chemical Company
eBay, Inc.
Ecolab Inc
EDS
EFCO Corporation
Elcon Inc.
Electronic Arts Inc.
Eli Lilly and Company
Elpac Electronics, Inc.
Embedded Performance, Inc.
EMC Corporation
ESS Technology, Inc.
Estech Systems, Inc. (ESI)
Esterline Technologies Corporation
Excelsior Manufacturing, Inc
Expandable Software, Inc.
Fat Spaniel Consulting
FEI Company
Fiberglass Coatings Inc.
First Search, Inc.
France Telecom R&D LLC
Frequency Devices, Inc.
Fuji Photo Film, Inc.

Galaxy Hotel Systems
Galois Connections, Inc.
General Motors Corporation
GlaxoSmithKline
Groove Networks, Inc.
Guidant Corporation
Hewlett-Packard
HM Electronics, Inc.
Human Genome Sciences, Inc.
Hypercom Corporation
i2 Technologies
Ibis Technology Corporation
Indyme Electronics, Inc.
Infinite Functions, Inc
InFocus Corporation
Inmagic, Inc.
Instrumentation Technology Systems
Intacct Corporation
Intelligent Technologies LLC
International Business Machines Corporation
International Rectifier
Inter-Tel, Incorporated
inTEST Corporation
IronSpire, Inc.
Irvine Sensors Corporation
ISD Corporation
J.D. Edwards & Company
Johnson & Johnson
Key Technology Inc.
Kim Hotstart Mfg.
Koller-Craft Plastic Products
Komag, Inc
KOR Electronics
Label Vision Systems, Inc
Lantronix, Inc.
LEDA Systems, Inc.
Lexmark International Inc.
Lionbridge Technologies, Inc.
Lockheed Martin Corporation
Lyondell Chemical Company
MAPICS, Inc.
Mariner Systems, Inc.
The MathWorks, Inc.
Maytag Corporation
Measurement Systems International, Inc.
MedImmune, Inc.
Medtronic, Inc.

Meritide, Inc.
Merix Corporation
Metron Technology International
MI Technologies
Micro Power Electronics
Micron Technology
Micropac Industries
Microscan Systems, Inc.
Microsoft Corporation
Monopanel Technologies, Inc
Morida Mfg Inc
Moroso Performance Products, Inc.
Motorola
MUSICMATCH, Inc.
National Semiconductor Corporation
Netegrity, Inc.
Network Appliance, Inc.
Network Associates, Inc.
Northrop Grumman Corporation
Novell, Inc.
Novellus Systems, Inc.
Nvidia Corporation
Odetics Inc
Ondeo Nalco
Onyx Software Corporation
Oracle Corporation
Palm, Inc.
Panasonic/Matsushita Electric
Parametric Technology Corporation
PeAk Storage Solutions, Inc.
Performa
Pfizer Inc
Philips Electronics
Phoenix Technologies Ltd.
Pittiglio Rabin Todd & McGrath
Planar Systems
Planitax, Inc.
Plant Equipment, Inc.
Plantronics Inc.
Precision Filters, Inc.
Primal Solutions, Inc.
Prime Technological Services, Inc.
Primero Systems, Inc.
Printronic, Inc.
The Procter & Gamble Company
psiloQuest, Inc.
Pulizzi Engineering Inc.
QUALCOMM Incorporated

Quantum Digital Solutions Corporation
Quantum Magnetics, Inc.
Quest Software, Inc.
RadiSys Corporation
Ramtron International Corporation
Raytheon
RBP Chemical Technology, Inc.
RedSalsa Technologies Inc
Retail Technologies International, Inc
The Return Exchange
Rockwell Collins, INC.
Rogers Corporation
Rohm and Haas Company
RSM Electron Power Inc.
Rudolph Technologies, Inc.
S1 Corporation
S2 Systems Inc.
Sabre Inc.
Schippers & Crew, Inc.
Schoolhouse Software, Inc.
Scientific Technologies
Semitool, Inc
Serono, Inc.
Serveron Corporation
SGI
Shell Chemical LP
Siemens Corporation
Silicon Motion, Inc.
SoftwarePROSe, Inc.
Solid State Measurements, Inc.
Sonnet Technologies, Inc.
Spectrum Controls
Sprint
Stepan Company
Stora Enso North America
StorageTek
Stratex Networks Inc
Sun Microsystems, Inc.
Sunoco, Inc.
Symantec Corporation
Synkra Systems, Inc.
Synergex International Corporation

Synopsys, Inc.
Tac Americas, Inc.
Tactical Fabs, Inc.
TECH10 L.P.
Telect Inc.
Tel-Instrument Electronics Corp
TelStrat
Teradyne, Inc.
Texas Instruments
Textron Inc
Thermal Designs Inc.
timeBLASTER Corporation
The Timken Company
Tone Commander Systems
Tone Software Corporation
TotalFinaElf Holdings USA, Inc
Transact Technologies Inc
Transportation Costing Group
Trillium Software, Inc.
Trilogy Software, Inc.
Trimble Navigation Limited
Tripwire, Inc.
UbiqueNet Enterprises
UMD Technology, Inc.
Unisys Corp.
United Technologies Corporation
Unitek Miyachi International, Ltd
Universal Electronics
Upromise, Inc.
Varian Medical Systems, Inc.
Varian Semiconductor Equipment
Associates, Inc.
Varian, Inc.
VERITAS Software Corporation
Vertex Inc.
VisualCalc, Inc.
Vulcan Materials Company, Inc.
W. L. Gore & Associates, Inc.
White Electronic Designs Corp.
Worldspan, L.P.
Xilinx, Inc.