

United States Senate Committee on Finance

Statements of Senator Chuck Grassley, chairman, Committee on Finance,
and Senator Max Baucus, ranking Democrat
R&D Credit Coalition News Conference
Tuesday, Nov. 14, 2006

Senator Grassley's statement:

"I appreciate the frustration of employers who can't rely on the certainty of an extended research and development tax credit. These are employers who – thanks to politics and through no fault of their own – are limited in their ability to plan for the future, to make hiring decisions, and to make investments that will create jobs.

"The research and development tax credit is overwhelmingly popular in the House and Senate. For political reasons, businesses have been in limbo on these provisions. We're talking about almost one year of limbo now, and maybe a few more weeks. A lot of businesses, in good faith, relied on my assurances. They relied on the assurances of the congressional leadership, made in May of this year. These business people were assured that these extenders would be done. In my state, Rockwell Collins, of Cedar Rapids, is taking a financial hit because of our dilly-dallying. And it's not just management that cares. Iowa is a manufacturing state and we're proud of our "R and D." Thousands of Iowa employees have the right to ask why this popular provision is being delayed. Some of them could ask why something this popular is a hostage to be cavalierly shot. They could ask me if political threats are more important than a tax incentive to create investment, jobs, and innovation.

"When they ask me these questions, I could blame the Senate Democratic leadership for thwarting Republican efforts to pass death tax relief and using the R and D tax credit as a hostage or bartering chip. Certainly, there's truth to that defense. Blaming the other side is fair political discourse and everyone does it. But employers and workers just want to know the bottom line. We owe these companies and workers a ticket out of limbo. The election is over. The political outcome is certain. We need to give taxpayers the same certainty about tax provisions that affect their bottom line. I hope the House and Senate use the lame duck session to redeem themselves from lameness and pass a solid extenders package including the R and D tax credit. I'm going to work very hard to persuade the Republican and Democratic leadership in both bodies to recognize these basic facts and pass a seamless extension of the R and D credit."

Senator Baucus' statement:

"Sixteen thousand American businesses use the research and development tax credit – or they would, if Congress would do the right thing and renew it. Already this year, many companies have had to restate their earnings, because the tax cut they depended on to help finance their research and development efforts simply wasn't there. This has been a failure of the Congress to support American jobs, to support American business, and to support the innovation that keeps America's

economy first in the world. If Congress is serious about creating more good-paying jobs for Americans right here at home, if Congress is serious about keeping American businesses at the forefront of world markets, Congress needs to act. And we must do better by American workers and businesses in the future. It's time to stop the annual exercise that threatens the research and development tax credit. It should be updated. It should be streamlined. It should be made permanent.”