

UNITED STATES SENATE COMMITTEE ON FINANCE

MEMORANDUM

To: Reporters and Editors
Fr: Jill Gerber (Grassley) 202/224-6522, Russ Sullivan (Baucus) 202/224-1550, Adam Elggren (Hatch) 202/224-3370
Re: Expiration of the research tax credit
Da: Wednesday, June 23, 2004

Sen. Chuck Grassley, chairman of the Committee on Finance, Sen. Max Baucus, Ranking Democrat, and Sen. Orrin Hatch, Ranking Republican, today issued the following statement voicing their concern about the expiration of the research and experimentation tax credit on June 30. The research credit is intended to encourage innovation by providing a tax credit to offset some of the costs of qualifying research activities. The Senate passed an extension of this critical tax incentive through December 2005, as part of the *Jumpstart Our Business Strength (JOBS) Act* of 2004. This bill also would modify the structure of the research credit to expand the incentive effect, promoting even more research activity in the United States. Unfortunately, this important legislation will not be enacted prior to the expiration of the research tax credit.

“We want to take this opportunity to remind our colleagues of the importance of research and development to the growth of our economy and to improvements in our future standard of living. Research and development has a proven track record of creating jobs. If we want to keep these high-paying R and D jobs in America, we need to bolster the research tax credit by extending and expanding it. Furthermore, many of the things that we benefit from now – life-saving drugs and life-sustaining medical treatments; computers and software that make us more productive in the workplace; advances that make transportation safer and more energy efficient; and technologies that enable our military to effectively and safely carry out its responsibilities – are the direct result of long-term, high-risk investments in research and development made by American businesses.

“The research tax credit helped make many of those long-term investments financially feasible. It must be extended expeditiously and seamlessly. We must fill in any lapse between expiration of the credit and enactment of an extension, so that companies that have planned research projects while counting on the research credit can continue those projects with confidence. It is our intention to work in conference for a provision effective retroactively to the date of the credit’s expiration. In the JOBS Act, the Senate voted unanimously not only to extend the credit, but also to strengthen it. We need a stronger credit signed into law so that the American economy, American workers, and American citizens can benefit from the additional research activities made possible by a strong research tax credit.”