

THE
NEW ENGLAND
COUNCIL

March 2, 2010

Dear Member of the New England Senate delegation:

As you know, the Research and Experimentation (also known as Research and Development) tax credit expired on Dec. 31. We are encouraged to see reports the credit will be revived as a part of a potential second job-creation measure this week, and strongly support such efforts. We are also appreciative the Administration included a permanent extension of the R&D credit in its Fiscal Year 2011 budget request, and hope Congress is able to make that a reality later this year.

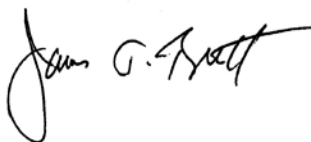
However, we know the short-term economic challenges we continue to face are daunting. And as the economy starts to pick up, both the public and private sectors search for ways to grow and expand their businesses. The R&D credit is a critical piece to that puzzle. A recent study by the technology-focused trade association TechAmerica found that a permanent extension of the credit would positively affect over 100,000 jobs, saying action on the legislation “would generate and/or sustain approximately 120,000 jobs, \$16 billion in additional R&D and other economic activity, and \$13 billion in federal tax revenue over the course of 2010.”

While jobs numbers for new or untested federal programs are under great scrutiny by the media and the general public, the results of the R&D credit are far from theoretical. For years, American entrepreneurs have been benefiting from the credit and in turn creating sustainable jobs that not only pay well, but result in life-changing breakthroughs for millions of Americans. And as our local economies become even more interconnected with those across the world, it is critical we give New England businesses every opportunity to compete in a global marketplace. Another benefit clearly is additional tax revenue from previously untapped economic activity – something vitally important during these days of annual budget deficits.

There are few policy issues that cut across so many industries like the R&D tax credit. It has and will lead to additional breakthroughs in the energy & environment, healthcare, technology, higher education, and transportation sectors, just to name a few. It is a tax credit that benefits those willing to take risks, no matter what their business or industry. But businesses will be far less willing to take these potentially costly risks without the assurance that their efforts will be rewarded.

We have been fortunate to receive strong bipartisan support from the New England Senate delegation in the past and I hope we can count on your support to revive the credit in the coming weeks. Thank you for your time, and if you have any questions, please do not hesitate to call me or Jeff Turcotte of the Council’s Washington, DC office at (202) 547-0048.

Very Truly Yours,



James T. Brett
President & CEO