

*R&D Tax Credit Has Helped Businesses Create Jobs*

(West Windsor, NJ) – U.S. Rep. Rush Holt (NJ-12) today sent letters to Majority Leader Steny Hoyer and Sandy Levin, Chair of the House Committee on Ways and Means, urging them to bring to the floor legislation to expand and make permanent the R&D Tax Credit. Previously, Holt has called for making the R&D tax credit permanent and he introduced legislation to expand the credit as instrument of innovation and job creation. Today, President Obama is expected to support the proposal as a way to create jobs.

“If the U.S. wants to remain a leader in technological innovation, it is vital that we incentivize investment in private sector innovation so that we can expand our global leadership in high technology, and spur greater economic growth domestically,” Holt said. Making the R&D tax credit permanent will do just that. I have long pressed for a permanent extension of the R&D tax credit, and I am pleased that President Obama has recommended this proven job creator as part of his recently announced economic growth plan.”

A copy of the letter is below:

September 8, 2010

The Honorable Steny Hoyer

Majority Leader

H107 US Capitol Building

Washington, DC 20009

Dear Majority Leader Hoyer:

I am writing to request respectfully that you act swiftly to bring legislation to the floor of the House of Representatives that will create new jobs by permanently extending the Research and Development (R&D) tax credit. I also request that you bring up for a vote legislation I have introduced to extend and expand access to the R&D tax credit. These steps to support innovation would create jobs now and build a solid foundation for long term economic growth.

The R&D tax credit has helped drive innovation, grow our economy and produce good paying jobs. In 2007, 385,000 companies used the R&D tax credit to grow their business. Yet the instability of a short-term credit has hindered efforts to fully realize its benefits. Temporary extensions of this credit have created uncertainty in the research community, especially among private industry, which accounts for nearly two thirds of total U.S. R&D funding. We need to make the R&D tax credit permanent.

As a scientist and a researcher, I have worked for years to have this proven jobs engine extended indefinitely. In these tough economic times we must look ahead and recognize the necessity of research and experimentation in developing new products, improving existing ones and creating a strong economy. If the U.S. will remain a leader in technological innovation, we must incentivize investment in private sector innovation so that we can expand our global leadership in high technology, and spur greater economic growth domestically. Making the R&D tax credit permanent will do just that. I have long pressed for a permanent extension of the R&D tax credit, and I am pleased that President Obama has recommended this proven job creator as part of his recently announced economic growth plan.

Additionally, I have introduced two related bills that would encourage more research and spur job creation. The Creating Jobs from Innovative Small Businesses Act (H.R. 4769) would establish a temporary 20 percent tax credit for investments in research-intensive small

businesses. This legislation builds on a successful state initiative in New Jersey and 17 other states. The Creating Jobs from Innovative Small Businesses Act (H.R. 4769) would boost the most common form of the federal R&D tax credit from 14 to 20 percent for tax years 2010 and 2011, encouraging businesses to invest in innovation and, in the process, allow them to expand and hire new workers. It is estimated that increasing the R&D tax credit would create 162,000 jobs in the short-term and increase the GDP by \$90 billion, according to the Information Technology and Innovation Foundation. The bill also would allow small businesses to sell their unused 2010 and 2011 R&D tax credit to generate capital now. The traditional R&D tax credit offers little benefit for start-up high-tech companies, as they do not have enough sales to take advantage of the credit. New Jersey and Pennsylvania both have successful programs where companies can sell the credits they are unable to use, giving needed capital to new businesses.

During the recession, companies have cut employees in all sectors, including research. A temporary increase in the R&D credit would incentivize research spending, reducing layoffs and spurring companies to hire additional scientists and engineers. Researchers would not be the only ones to benefit—companies would create jobs for the electricians who wire labs, the construction workers who renovate buildings and the manufacturers who produce research equipment.

Again, I strongly encourage immediate action to permanently extend, expand and make tradable the R&D tax credit. Doing so will help businesses create jobs now and lay the foundation for future economic growth.

Sincerely,

RUSH HOLT

Member of Congress

###