

United States Senate

WASHINGTON, DC 20510

February 12, 2010

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

As we look to execute on our common goal to help our economy grow stronger and create new and better jobs, we believe it is important for your administration to embrace several proposals that will further these goals, particularly in the high-tech sector of our economy. As you know, the high-tech sector has historically been a powerful job creation engine for the U.S. economy attracting capital investment, developing new products which improve our quality of life and providing needed exports that improve our balance of trade deficit with countries around the globe.

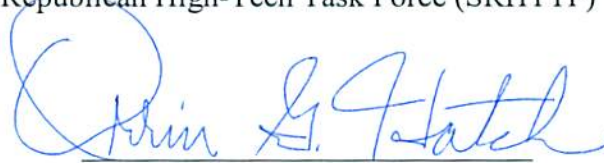
We are very concerned that the research tax credit has expired, leaving the U.S. without a tax incentive to counter the ever-growing array of attractive research inducements offered by many of our trading partners. We realize that your budget calls for a permanent extension of the credit, for which we commend you. However, we believe that in order to gain the full effect of the incentive and to keep the U.S. as the premiere location for research in the world, we must improve the credit as well as extend it. A recent report has estimated that an expansion of the credit as proposed in bipartisan legislation in the Senate and House would lead to an additional \$90 billion in annual GDP, a significant increase in patents generated by American inventors, and would generate additional revenues for the Treasury through economic growth. We urge you to help us enact a strong research incentive to keep us first in the world by endorsing the strengthening of the credit as well as its extension.

We also are deeply concerned that your new budget again includes certain tax increases on America's most innovative companies doing business overseas. We recognize that some of the more onerous international tax proposals contained in last year's budget have been wisely omitted this year and other ones have been moderated. However, we still believe that the thrust of your proposals to reform the U.S. international tax system are driven by a misguided sense that U.S.-based firms are abusing the tax rules by effectively moving U.S. jobs and investment to foreign locations. In reality, U.S. firms compete on a global scale, and our current worldwide system of taxation often leaves our companies at a serious disadvantage to those based in other nations. The tax proposals in your budget would even further tilt the playing field away from U.S. competitiveness. We urge you to abandon these proposals and join us in moving in the other direction by lowering our corporate tax rates, which are among the world's highest, and making other changes that would make our international tax system more competitive, not less.

We look forward to working with you on these critical issues, and hope you will join us in our quest to keep our high-tech sector the most vibrant and innovative in the world, which will in turn bless our nation with more economic growth and more and better jobs.

Sincerely,

Members of the Senate Republican High-Tech Task Force (SRHTTF)



Orrin G. Hatch, SRHTTF Chairman



Robert F. Bennett

Jim Bunning

John Cornyn



Mike Crapo

Mike Enzi

Kay Bailey Hutchison



Johnny Isakson

Jim Risch

Pat Roberts

cc: Senate Majority Leader Harry Reid
Senate Minority Leader Mitch McConnell
Senate Finance Committee Chairman Max Baucus
Senate Finance Committee Ranking Member Charles Grassley