



October 19, 2018

The Honorable Kevin Brady  
Chairman  
Committee on Ways and Means  
1102 Longworth House Office Building  
Washington, D.C. 20515

The Honorable Rich E. Neal  
Ranking Member  
Committee on Ways and Means  
1139E Longworth House Office Building  
Washington, DC 20515

The Honorable Orrin G. Hatch  
Chairman  
Committee on Finance  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Ron Wyden  
Ranking Member  
Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Brady, Ranking Member Neal, Chairman Hatch, and Ranking Member Wyden:

I am writing to inform you that today, reflecting the impact of the Tax Cuts and Jobs Act, the former R&D Credit Coalition is expanding its focus and rebranding itself. Going forward, this group of more than 65 member companies and associations will be known simply as the "R&D Coalition" and will advocate for tax policies that support the ability of companies in the United States to invest in research and development.

While our members were supportive of the effort to maintain the R&D tax credit in our nation's tax code, we are concerned with the altered treatment of R&D expenses in the Tax Cuts and Jobs Act ("TCJA"). Specifically, the TCJA amended Section 174 of the Internal Revenue Code, which allows businesses to deduct qualified research and development expenses from their taxable income. Since 1954, when Section 174 was enacted, companies have been able to deduct all such expenditures in the same year they were incurred. As a result of the TCJA's amendments to Section 174, starting in 2022 businesses will be required to amortize R&D expenses over a period of years, significantly diminishing the near-term value of research investments. Businesses want to invest in the United States. The members of the R&D Coalition all want to develop new products, create new jobs, and expand their work here at home. These new amortization rules – which are not used in any other industrialized country – will make those kinds of investments far less attractive. Ultimately, this hurts innovation and opportunities for job growth. As Congress looks to promote innovation in the United States, we urge you to reexamine this change and push forward with a bipartisan solution on the tax treatment of R&D expenses.

In addition to advocating for changes to the TCJA's amortization requirements, the R&D Coalition plans to continue supporting a fair and robust R&D tax credit and raising awareness of the importance of research and development investments to the U.S. economy.

We look forward to working with you on this important issue.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Sharon Heck', with a stylized flourish at the end.

Sharon Heck (Intel Corporation)  
Chair, R&D Coalition