



March 19, 2020

Leader Mitch McConnell
S-230 U.S. Capitol
Washington, D.C. 20515

Speaker Nancy Pelosi
H-232 U.S. Capitol
Washington, DC 20515

Minority Leader Chuck Schumer
S-221 U.S. Capitol
Washington, D.C. 20515

Minority Leader Kevin McCarthy
H-204 U.S. Capitol
Washington, DC 20515

Dear Leader McConnell, Minority Leader Schumer, Speaker Pelosi and Minority Leader McCarthy:

As Congress considers various proposals to address the severe economic fallout from the coronavirus crisis, the R&D Coalition urges Congress to repeal the coming tax change to research and development (R&D) spending that will compound the negative impact from the crisis on U.S. employment, liquidity, and ultimately innovation. Millions of employees are represented by the companies and related trade associations which comprise the R&D Coalition. This crisis coupled with the change in tax treatment of R&D spending will impact business cash flows as well as decisions on how to most efficiently allocate spending to projects such as those supporting transformative innovation and research. A repeal of this upcoming change supports retention of U.S. R&D jobs and will provide the certainty and liquidity that businesses need to balance future R&D plans with their changing capital needs in the wake of the crisis.

Since 1954, companies have been able to immediately deduct qualifying R&D expenditures. However, at the end of 2021, businesses will be required to amortize these expenditures over a period of years, making the U.S. the only developed country with such a policy. If this policy were to go into effect, it will act as a disincentive to perform R&D in the U.S. and as a result hurt U.S. R&D jobs and innovation at a time when we need to encourage these types of investments. For example, according to a recent EY report, amortizing R&D spending would lead to the loss of over 20,000 U.S. R&D jobs in the first five years, with that number increasing to nearly 60,000 in the following five years.

As Congress works to provide support for the U.S. economy, we urge you to include H.R. 4549, the American Innovation and Competitiveness Act in any stimulus package, which would help support liquidity and R&D jobs and help strengthen 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".

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

cc: Chairman Grassley, Ranking Member Wyden, Chairman Neal, Ranking Member Brady