March 1, 2022

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Republican Leader
U.S. Senate
Washington, DC 20510

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

As chief executive officers of leading American innovators, we write you today to urge immediate action to reverse the amortization of R&D expenses. The amortization of these expenses is resulting in irreversible harm to U.S. innovation and competitiveness; failing to act expeditiously will cost American investment and jobs and handicap U.S. competitiveness in key American sectors.

For almost seven decades, the tax code has supported innovation by providing American taxpayers the ability to fully deduct R&D expenditures in the year they are incurred. At the start of this year, amortization requires taxpayers to deduct R&D expenses over a period of years. This change will soon adversely impact the cash flow or financial resources for businesses engaged in R&D, negatively affect the budgeting for R&D, and ultimately harm R&D activity in the United States by significantly increasing the cost on this innovative activity.

As leaders of American innovators we regret to report that, according to Congressional Joint Committee on Taxation estimates, for the first quarter of 2022 businesses will have to account for $8 billion in increased estimated tax payments; if left unaddressed, that number rises to $29 billion. That loss in cash flow or financial resources will yield cuts in R&D resources, and tens of thousands of jobs will be at risk in 2022. For these reasons, Congress should step in and act immediately by addressing this R&D issue as part of the next available legislative vehicle.

Sustained R&D investments are essential to securing our nation’s defense, especially as other nations increase their R&D expenditures. Moreover, with a government funding bill likely to be enacted on or before March 11th, this could be the last chance to avert the consequences of failing to act before the end of the first quarter.

Pro-innovation tax policy, especially incentives for R&D, have a history of broad bipartisan support that continues today. Congress should ensure seamless continuation of the immediate deductibility of R&D expenditures. The longer Congress fails to act, the more damage is done to innovation, competitiveness, and workers.

Sincerely,
Pat Gelsinger  
CEO  
Intel Corporation  
Chair of the R&D Coalition

Michael F. Roman  
Chairman & CEO  
3M Company

C. Jeffrey Knittel  
Chairman & CEO  
Airbus Americas, Inc.

Dr. Lisa Su  
Chair and CEO  
AMD Inc.

John T. Stankey  
CEO  
AT&T

Lorenzo Simonelli  
Chairman & CEO  
Baker Hughes

Daniel W. Fisher  
President & CEO-elect  
Ball Corporation

Mike Mansuetti  
President  
Bosch in North America

Michael F. Mahoney  
Chairman & CEO  
Boston Scientific

David Foulkes  
CEO  
Brunswick Corporation

Dave Gitlin  
Chairman & CEO  
Carrier

Brian Humphries  
CEO  
Cognizant Technology Solutions

Harold L. Yoh, III  
Chair & CEO  
Day & Zimmermann

Mark J. Costa  
Board Chair & CEO  
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Michael T. Amalfitano  
President & CEO  
Embraer Executive Jets

Alexander Hardy  
CEO  
Genentech

Phebe Novakovic  
Chairman & CEO  
General Dynamics

Darius Adamczyk  
CEO  
Honeywell

Chris Kastner  
President & CEO  
Huntington Ingalls Industries

Arvind Krishna  
Chairman & CEO  
IBM Corporation

Mark Sutton  
Chairman & CEO  
International Paper Company