



February 19, 2003

Dear Senator,

I am writing to you on behalf of the members of the Electronic Industries Alliance (EIA). We are encouraged by President Bush's focus on growing the economy and believe the plan introduced last month is a good beginning.

However, an economic growth package must restore confidence across the board – for consumers, for investors and for the business community. While this recession has been a comparatively shallow one in terms of consumer spending declines, industry has faced a more dramatic and painful reality. Business confidence and spending on equipment and research led the surge in productivity and in the economy during the 1990s, but the pendulum swings both ways. The primary drag on the current recovery is the lack of sustained capital spending.

The proposals we think could have the most effective impact on confidence and recovery in the technology sector include: 1) accelerated depreciation schedules and first-year bonus depreciation, 2) an enhanced and permanent R&D tax credit, 3) temporary tax relief for overseas profit repatriation, 4) elimination of FICA taxes on severance payments, and 5) broadband tax incentives.

EIA represents more than 2,500 companies, about 80% of the \$430 billion U.S. electronics industry. Our sector provides 1.8 million jobs for American workers but has experienced significant job losses since 2000. We want to turn this trend around and get back to the business of creating jobs, increasing productivity and strengthening the economy.

As you consider a growth package for American families and businesses, we respectfully request that you consider adding the proposals listed above to provide strong, near-term incentives for the electronics industry to invest in employees, capital equipment and research. We believe U.S. fiscal policy should recognize the critical contribution of innovation and the investment that companies make in the future through capital spending. Once businesses regain their economic standing, job growth is certain to follow. We look forward to working with you and your Congressional colleagues on this important issue.

Sincerely,

A handwritten signature in black ink that reads 'Dave McCurdy'.

Dave McCurdy
President