

June 16, 2005

The Honorable Bill Thomas
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Charles Grassley
Chairman
Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Charles Rangel
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Max Baucus
Ranking Member
Committee on Finance
United States Senate
Washington, D.C. 20510

Dear Chairmen Thomas and Grassley, and Ranking Members Rangel and Baucus:

We urge you to make the enactment of a strengthened and permanent research tax credit (R&D Credit) an early legislative priority in 2005. We believe strongly that a permanent R&D Credit coupled with the changes proposed in S. 627 and H.R. 1736 will represent a critical investment in America's future.

As you know, the R&D Credit supports technological innovations that enable companies to create and preserve quality U.S. jobs and to raise the standard of living for all Americans. According to a recent study, more than 15,000 small, medium, and large firms that operate in every industry and all 50 states and employ millions of Americans claimed the R&D Credit in 2003.

The R&D Credit also plays a vital role in ensuring U.S. competitiveness in worldwide markets. R&D helps U.S. manufacturers and services companies maintain a competitive edge over lower-cost foreign competitors by increasing productivity and fostering innovation. In fact, a growing number of countries recognize how important R&D spending is to future economic growth and now offer more generous R&D tax incentives than the United States. Canada, for example, offers a flat 20-percent credit, among other tax incentives, for R&D performed in Canada and has aggressively sought to entice U.S. companies to locate R&D activities north of the border.

America's future is inextricably linked to the ability of companies to make a sustained, reliable commitment to long-term research. Congress has consistently demonstrated support for the R&D Credit. This year, in order to provide stability and to ensure that all companies performing research in the United States are able to benefit from the credit, Congress should make the credit permanent, increase the Alternative Incremental Credit (AIRC) rates, and provide an alternative simplified credit calculation.

Sincerely,

[Organizations & Companies listed on following pages]

AdvaMed, the Advanced Medical Technology Association
AeA (American Electronics Association)
Aerospace Industries Association
Air Conditioning and Refrigeration Institute
Alliance of Automobile Manufacturers (AAM)
American Bearing Manufacturers Association
American Chemistry Council
American Council on Education
American Gas Association
AMT - The Association for Manufacturing Technology
Associated Industries Of Kentucky
Associated Industries of Massachusetts
Association of Equipment Manufacturers
Association of Washington Business
Biotechnology Industry Organization (BIO)
Business Roundtable
Business Software Alliance
California Healthcare Institute
California Manufacturers & Technology Association
Chattanooga Technology Council
Computing Technology Industry Association
Council for Chemical Research
CRITA (Council of Regional Information Technology Associations)
Ct. Business & Industry Association
Eastern Technology Council
Electronic Industries Alliance (EIA)
Environmental Industry Associations
Financial Executives International Committee on Taxation
Georgia Industry Association
Hearing Industries Association
Indiana Manufacturers Association
Indiana Medical Device Manufacturers Council, Inc.
Information Technology Association of America
International Association of Plastics Distributors
ITI - Information Technology Industry Council
Jackson Area Manufacturers Association
Kansas Chamber of Commerce & Industry
Kentucky Chamber of Commerce
Louisiana Association of Business and Industry
MAC, Manufacturing Alliance of Connecticut, Inc.
Manufacturers' Association of Northwest Pennsylvania
Maryland Chamber of Commerce
Mass Software Council
Massachusetts Biotechnology Council
Medical Alley
Medical Device Manufacturers Association (MDMA)
MESDA - Maine's Software & Information Technology Industry Association
Metal Powder Industries Federation
Metal Treating Institute
Michigan Manufacturers Association
Montana Chamber of Commerce
Motor & Equipment Manufacturers Association
National Association of Manufacturers
National Black Chamber of Commerce, Inc.
National Center for Manufacturing Sciences
National Council for Advanced Manufacturing
National Electrical Manufacturers Association
National Foreign Trade Council
National Marine Manufacturers Association
National Paint and Coatings Association
Nebraska Chamber of Commerce & Industry
Nevada Manufacturers Association
New Jersey Technology Council
North Carolina Technology Association
Northeast PA Manufacturers & Employers Association
Northern Virginia Technology Council
Pharmaceutical Research and Manufacturers of America
Pittsburgh Technology Council
Precision Metalforming Association
Racine Area Manufacturers & Commerce
San Diego Employers Association
Sarasota Manatee Area Manufacturers Association
SEMATECH
Semiconductor Equipment and Materials International (SEMI)
Semiconductor Industry Association

SMC Business Councils
Society of Glass and Ceramic Decorators
Software & Information Industry Association
Software and Information Technology of Iowa
(SITI)
Software Finance and Tax Executives Council
TechNet
Telecommunications Industry Association
(TIA)
Tennessee Chamber of Commerce & Industry
The Aluminum Association
The Connecticut TECHNOLOGY Council
The Employers Association of RI and
Southeastern MA, Inc.
The Florida Information Technology Centers
of Excellence
The Manufacturers Association
The Oklahoma State Chamber
The Rhode Island Manufacturers Association

The State Chamber --Oklahoma's Association
of Business & Industry
The Technology Council of Central
Pennsylvania
The Technology Network (TechNet)
U.S. Chamber of Commerce
United States Council for International
Business
United States Telecom Association
University of Central Florida Technology
Incubator
Utah Information Technology Association
Utah Manufacturers Association
Virginia Manufacturers Association
Waste Equipment Technology Association
(WASTEC)
Wisconsin Manufacturers & Commerce
WSA (Washington Software Alliance)

Companies

21st Century Plastics Corporation
360 Software Corporation
3Com Corporation
3M
A. O. Smith Corporation
Abbott
Abrasive Form Inc.
Accel Partners
ACE Clearwater Enterprises
ACT Teleconferencing
Actel Corporation
ActivCard Corp.
Acumenta Corporation
ADCO Manufacturing
Adobe Systems Inc.
Adroit Medical Systems, Inc.
Advanced Energy Industries, Inc.
Advanced Micro Devices, Inc.
Advanced Power Technology, Inc.
Advanced Technology Services, Inc.
Aeris.net
Agere Systems
Agilent Technologies, Inc.

Air Products and Chemicals, Inc.
Ajilon Consulting
Akron Equipment Company
Akzo Nobel Inc.
Albemarle Corporation
Alcatel
Aldine Metal Products Corp.
Allure Fusion Media, Inc.
ALPCO Diagnostics
Altera Corporation
Altria Corporate Services, Inc.
Alvaka Networks
AmberWave Systems Corp.
AMD
Amgen Inc.
ANDA Networks
Anteon International Corporation
Apple Computer Inc.
Applied Data Systems, Inc.
Applied Films Corporation
Applied Materials, Inc.
Applied Visual Technology, Inc.
AquaTran Products, Inc.

Arch Chemical Co.
Ashland Inc.
Ask Jeeves, Inc.
ASSET InterTech, Inc.
AT&T Corp.
Attachmate Corporation
Avaya Inc.
Avega Health Systems, Inc.
Axontologic, Inc.
BAE SYSTEMS Information and
Electronic Systems Integration
Barber-Nichols Inc.
Barr Pharmaceuticals, Inc.
BASF Corporation
Baxa Corporation
Bayer Corporation
BCD Electro Inc
BEA Systems, Inc.
Bead Industries, Inc.
Belden Brick Company
Belton Industries Inc.
Benhamou Global Ventures, LLC
Bioanalytical Systems, Inc.
Bison Gear & Engineering Corp.
Blasch Precision Ceramics, Inc.
Bluespec, Inc.
BMC Software, Inc
Boehringer Ingelheim Corporation
Book Manufacturers' Institute, Inc.
Boston Communications Group, Inc.
Boston Scientific Corporation
Bristol-Myers Squibb Company
Broadcom Corporation
Brooks Automation Inc.
Brown Cargo Van, Inc.
BTU International, Inc
Burford Electric Service, Inc.
C.R. Hudgins Plating, Inc.
Cabot Corporation
Cadence Design Systems, Inc.
California Micro Devices Corporation
Cambridge Publications, Inc.
Candela corporation
Cap & Seal Co.
Captiva Software Corporation
CARE-TECH Laboratories, Inc.
Carpenter Associates
Carpenter Technology Corporation
CASA HERRERA INC
Cascade Microtech, Inc
Case New Holland Inc.
CEC Controls Company, Inc.
Centra Software, Inc.
Chemstar Products
Cii Associates Incorporated
Cisco Systems, Inc.
Citrix Systems, Inc.
Clarity Visual Systems, Inc.
Coherent Inc
Coil Pro Machinery, Inc.
CommercialWare, Inc.
Compass Consulting Corp
Composites Horizons, Inc.
Computer Sciences Corporation
Conexant Systems Inc.
CONSOL Energy, Inc.
Constant Contact
Cooper Tire & Rubber Company
Crane Aerospace & Electronics, STC
Microwave Systems
Cree, Inc.
Cummins Inc.
Custom Fab Solutions LLC
Cymer, Inc.
DaimlerChrysler Corporation
Data I/O Corporation
Datamatic, Ltd.
Dean Foods Company
DeepNines Technologies
Deere & Company
Dell Inc.
Delphi Corporation
Dewey Square Group
Digimarc Corporation
Digital Village Associates
Dixie Industrial Finishing Company, Inc.
Dow Corning Corporation
Download Electronics, Inc.

Drew Industries Incorporated
DuPont
Duraswitch
Dynatronics Corporation
E.E. Ventures, Inc.
Eastman Chemical Company
Eaton Corporation
eBay, Inc.
Ecolab Inc.
Edgewater Technology Inc.
EDS
Edward Hearst
eeParts, Inc.
EFCO Corporation
Elan Technology, inc.
Electric-Flex Company
Electronic Arts
Eli Lilly and Company
eLifeCare Enterprises, Inc.
EMC Corporation
EMS Technologies, Inc.
Emulex Corporation
ENARDO, Inc.
Energetiq Technology, Inc
Enterprise Management Associates
Enuclia Semiconductor, Inc.
ESS Technology, Inc.
Essex Corporation
Esterline Technologies Corporation
Expandable Software, Inc.
EXTOL International, Inc.
Exxon Mobil Corporation
Fabri-Kal Corporation
Fairchild Semiconductor
FCI USA, Inc
Fischer Precision Spindles
Fluke Corporation
Fluke Electronics Corporation
Ford Motor Company
Fortune Brands, Inc.
Freescale Semiconductor, Inc.
Frequency Electronics, Inc.
Fresenius Medical Care North America
Frye Electronics, Inc.
Fujitsu
Fulcrum Microsystems, Inc
GatherWorks, Inc.
Genentech, Inc.
General Capital Corporation
General Motors Corporation
General Transformer Corp.
Gheen Irrigation Works, Inc.
Glance Networks, Inc.
GlaxoSmithKline
Globe Manufacturing Co.
GM Nameplate, Inc.
Google Inc.
Guidant Corporation
Gusmer Enterprises Inc.
Harley-Davidson Motor Company
Harmony Information Systems, Inc.
Harvard Design & Mapping Co., Inc.
(HDM)
HealthCare Insight, LLC
Hewlett-Packard Company
Hexcel
Hi-Rel Laboratories, Inc.
HOBSON MOTZER INC.
Homac Mfg. Company
Home Decor Innovations
Honeywell
Ibis Technology
Immuno-Mycologies, Inc.
Impulse Dynamics, Inc.
ImTech, Inc.
Industrial Tool Inc
Indyme Solutions, Inc.
Infineon Technologies North America
Corp.
InFocus
inLogic, Inc.
Innovative Circuits Inc.
Innovative Paper Technologies, LLC
Instrumentation Technology Systems
Integrated Computer Solutions, Inc
Intel Corporation
Intelligent Technologies, LLC

Interactive Intelligence, Inc.
Interdigital Communications Corporation
Interfuse Technology Corporation
International Business Machines Corporation
International Paper Company
Internet Security Systems
inTEST Corporation
Intuit Inc.
IRIS International
IRM Corporation
ISX Corporation
iTECH
J. C. Steele & Sons, Inc
Jarg Corporation
Jazz Semiconductor
Johnson & Johnson
Kason Industries Inc.
Kay Automotive Graphics
Keithley Instruments, Inc.
Kenall Manufacturing Company
Kohler Co.
La Deau Manufacturing Company, LLC
Lattice Semiconductor Corporation
Leggett & Platt, Inc.
Lexmark International, Inc.
LightSpeed Technologies, Inc.
Lincoln Electric Holdings, Inc.
LiveVault Corporation
Lockheed Martin Corporation
LOFA Industries, Inc
LSI Logic Corporation
Lucent Technologies, Bell Labs Innovations
Macrovision Corporation
Madrona Venture Group
Maier Mfg. Inc.
Manor Tool & Manufacturing Co.
MapInfo Corporation
Master Chemical Corporation
Matheson Tri-Gas, Inc.
MCAFEE TOOL AND DIE INC.
McAfee, Inc.
McDATA Corporation
Meadows Mills Inc
Medtronic
Merck & Co., Inc
Mercury Computer Systems, Inc.
MI Technologies
Micro Encoder Inc.
Micron Technology, Inc.
MicroPower Electronics, Inc.
Microsoft Corporation
Mobility Electronics, Inc.
Modine Manufacturing Company
Moretz Technologies, LLC
MTC Technologies, Inc.
Mydea Technologies Corporation
Nalco Company
Napersoft, Inc.
National Gypsum Company
National Semiconductor Corporation
NavCom Defense Electronics, Inc.
NCR Corp.
Neasi Weber International
Network Telephone Services Inc
Neuronetics, Inc.
Newport Corporation
NOKIA
Nordic Group of Companies, Ltd.
Northrop Grumman
Nova Biomedical
Novell, Inc.
NOW Wireless, LLC
NSK Corporation
Nu-Wool Co., Inc.
Open Security Solutions, LLC
Oracle Corporation
OraMetrix, Inc.
Pacific Bioscience Laboratories, Inc.
PacketHop, Inc.
palmOne, Inc.
Palomar Technologies, Inc.
Panasonic Corporation of North America
Paradigm Labs, Inc.
Peak International Ltd.
Pearson Packaging Systems

Pegasystems Inc.
Percardia, Inc.
Performance Technologies, Incorporated
PEVCO Systems International, Inc.
Pfizer Inc
Philips Electronics North America Corp.
Pinnacle Data Systems, Inc.
Pioneer Aerospace Corporation
PlayMotion!
Pop Art, Inc.
Porta-King Building Systems
Power Integrations, Inc.
Powershift Ventures, LP
PPG Industries
Praxair, Inc.
Precision Filters, Inc.
Preh Electronics, Inc.
Price Pump Company
Printronic, Inc.
Procter & Gamble
Pro-Dex, Inc.
Profile Machine Products
Progress Energy, Inc.
QUALCOMM Incorporated
Quality Engineering Services
QuickLogic Corporation
Quintron Systems, Inc.
Quovadx, inc.
Radiant Medical, Inc.
RadiSys Corporation
Railinc, Corp.
RAM Software Systems, Inc.
Raydiance, Inc.
Raytheon Company
RB Royal Industries Inc.
REAL Software Systems, LLC
Regional Technology Corporation
RF Monolithics, Inc.
RO Associates, Inc.
Robbins & Myers, Inc.
Rockwell Collins, Inc.
Rohm and Haas Company
Roos Instruments, Inc.
RSA Security, Inc.
Rudolph Technologies, Inc.
S.C. Johnson and Son, Inc.
Sanderson Farms, Inc.
sanofi-aventis
SAP America, Inc.
SAS
SBC Communications, Inc
Schnipke Engraving Company Inc.
Schoolhouse Software, Inc.
Schwerdtle Stamp Inc.
Scientific Technologies, Inc
Sharp Laboratories of America
Sharp Microelectronics of the Americas
Sierra Atlantic, Inc.
Signature Mold & Mfg. Co., Inc.
SIGNICAST CORPORATION
SimpleTech, Inc.
Sirois Tool Co., Inc.
SKF USA Inc.
Smaart Medical Systems, Inc.
Smart Software, Inc.
Smurfit-Stone Container
Snowbound Software
SolidWorks Corporation
solutions4networks
Sonnet Technologies, Inc.
Sony Corporation of America
SpatiaLight, Inc.
Spectrum Automation Company
Spuncast Inc.
St. Francis Medical Technologies, Inc.
Startup Partners
Sternhill Partners
StorageTek
Sturtevant, Inc.
Sun Chemical Corporation
Sun Microsystems, Inc.
Sunoco Inc.
Sunrise Telecom
Sutphen Towers Inc.
Sybase, Inc.
Symantec Corporation

Syncro Corporation
Synergex International Corporation
Synopsys, Inc.
TAEUS International Corporation
TECHNIQUE, INC.
Tegal Corporation
TeleCommunication Systems, Inc.
Telect Inc.
TELESYNC, Inc.
Teradyne, Inc.
Texas Instruments
Textron Inc.
The Boeing Company
The Coeur d'Alenes Company
The Devco Companies
The Dow Chemical Company
The Essmuller Company
The Lee Company
The Manitowoc Company
The MathWorks
The Refractories Institute
The Timken Company
The Valv-Trol Co.
Thermal Designs Inc.
Thomas G. Faria Corporation
Three Rivers Aluminum Company
TimeVision
Tone Commander Systems, Inc.
TOSOH Quartz, Inc.
TransAct Technologies Incorporated
Transportation Costing Group
Twin Rivers Technologies L.P. and
Affiliates

UltraDots, Inc.
UMD Technology, Inc.
Unisys Corporation
United Metal Receptacle Corp
United Technologies Corporation
USinternetworking, Inc.
Veeco Instruments Inc.
VeriSign, Inc.
Verizon
Vermeer Manufacturing Co.
ViaSat, Inc.
Virage Logic Corporation
VisualCalc, Inc.
W.L. Gore & Associates
WAN/LAN Solutions, Inc.
WebCT Inc.
Websense, Inc
Wescor
Western Digital Corporation
Williams-Pyro, Inc.
Wisconsin Aluminum Foundry Company,
Inc.
Wyeth
Xerox Corporation
Xilinx, Inc.
Xyron Corporation
You Software, Inc.
Zetera Corporation
Zippo Manufacturing Co., Inc.
Zoran Corporation
Zygo Corporation
Zyvex Corporation