



February 18, 2009

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The Honorable Harry Reid
Majority Leader
United States Senate
Washington, D.C. 20510

Dear Majority Leader Reid:

We are writing to encourage you to include the business tax extenders as part of your upcoming job creation legislation. At a time when creating and protecting jobs is critically important, extending these already expired tax provisions will help preserve and promote high-tech employment in the U.S. and help level the playing field for U.S. companies competing abroad. We urge you to include this broadly supported, bi-partisan legislation as you consider meaningful pro-growth legislation.

Specifically, we strongly support efforts to strengthen and extend the R&D tax credit and to extend the exceptions under Subpart F for the look-through treatment of payments between related controlled foreign corporations (CFCs) and active financing income.

A top priority for the high-tech industry is to extend and strengthen the R&D tax credit, which is a pro-jobs provision. Approximately 70% or more of the credit benefits are attributable to salaries of workers performing U.S.-based research. Without a strengthened and extended R&D credit, U.S.-based R&D jobs and projects could be at risk during a time when economic developments are forcing many businesses to reduce costs and cut budgets. A recent report by the Information Technology and Innovation Foundation shows that enhancing the R&D credit from 14% to 20% will create 162,000 new jobs and increase domestic economic output by \$90 billion annually. The R&D credit has both short-term and long-term benefits, and spurs the creation of U.S.-based innovation and economic activity.

In addition, we urge you to support an extension of tax provisions that directly impact our ability to stay competitive. Those include the exceptions under Subpart F for the look-through treatment of payments between related controlled foreign corporations (CFCs), and active financing income. The high-tech industry depends on servicing clients and markets around the world, and these tax provisions are crucial to our competitiveness in overseas markets so that we can remain strong in the U.S. and create jobs here at home.

Given the current economic challenges, we cannot afford to lose the pro-growth effects of these important tax provisions. We look forward to working with you in your efforts to advance this critical legislation.

Sincerely,

Dean Garfield
President & CEO

Cc: Members of U.S. Senate