



April 1, 2008

The Honorable Harry Reid  
Majority Leader  
United States Senate  
Washington, DC 20510

Dear Majority Leader Reid:

On behalf of ITI, a trade association representing America's leading High-Tech companies, I am writing to urge immediate consideration of legislation to seamlessly renew and expand the Research and Development Tax Credit. As you know, the credit expired on December 31, 2007 -- the 13<sup>th</sup> time Congress has allowed the credit to expire since it was enacted in 1981. April first will mark a full quarter with no R&D credit on the books. This delay has affected corporate investment decisions and corporate earnings announcements and will no doubt serve as a disincentive to U.S. investment.

As you consider ways to stimulate the economy, it's important to remember that in essence, the R&D credit is a wage credit: over 90 percent of the benefits of the credit are attributable to salaries of workers performing U.S.-based research. With payroll numbers declining and economic uncertainty on the rise, Congress must act to preserve this incentive for the high-salary, high-skilled jobs of today, which also bolster the competitiveness of U.S. companies for tomorrow.

Further, the R&D credit serves as a crucial determinant in where companies choose to locate their research and development activities. We live in an increasingly competitive global business environment, with many nations providing attractive tax provisions and effective workforces. Confronted with a slowing economy, a critical shortage of visas for highly-skilled foreign workers, and no R&D credit, many companies will no doubt look to reduce costs and locate their research and development activities outside the US. These are jobs and activities that we as a nation cannot afford to lose.

Our nation confronts many pressing challenges, but passing a seamless extension of a multi-year, strengthened Research and Development credit should not be one. Legislation such as H.R. 2138 and S. 2209 has deep bipartisan support in Congress and throughout the business community. We urge you to consider one of these bills in the coming weeks.

Thank you for your time and let us know if we can be of any assistance in working to advance this crucial legislation.

Sincerely,

Rhett Dawson  
President and CEO