

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

March 7, 2022

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

The Technology Councils of North America (TECNA) represents more than 60 technology business-serving councils which, in turn, represent 22,000 small- to medium-sized innovation-heavy technology companies across North America. These companies are often startups and are heavily dependent on a thriving ecosystem of investment capital and acquisitions. The undersigned technology councils encourage Congress to take immediate action to reverse the amortization of R&D expenses, which are essential to manufacturing and small businesses. Congress's failure to act expediently will result in irreversible harm to U.S. innovation and competitiveness.

As you know, the R&D tax credit not only incentivizes firms to conduct more R&D than they would otherwise, but also results in R&D being conducted in the United States rather than offshore. A provision in the 2017 Tax Cuts and Jobs Act requires companies to amortize their R&D investments over five years rather than realizing them in the same year in which the costs are incurred. Given the intensity of global competition for advanced industry jobs, combined with the fact that the U.S. R&D tax credit is relatively weak compared with those of U.S. competitors, this change will significantly reduce the incentive to invest in domestic R&D and will result in measurable negative impacts on U.S. innovation, economic growth, jobs, and global competitiveness.

Congress should immediately address this R&D deficiency as part of the next available legislative vehicle. Both the American Innovation and R&D Competitiveness Act of 2021 (H.R. 1304) and the American Innovation and Jobs Act (S. 749) would correct this by stopping the TCJA amortization provision from taking effect. Failure to enact these bills or incorporate them into a larger package will result in the United States being the only developed country that requires the amortization of R&D expenses. Pro- innovation tax policy, which incentivizes R&D

tax credits, has a history of broad bipartisan support that continues today. Congress should ensure seamless continuation of the immediate deductibility of R&D expenditures.

Sincerely,

THE TECHNOLOGY COUNCILS OF NORTH AMERICA

Arizona Technology Council (AZTC)
Austin Technology Council (ATC)
California Technology Council (CaTC)
Chattanooga Technology Council (ChaTech)
Colorado Technology Association (CTA)
Computer Measurement Group, Inc.
Connecticut Technology Council (CTC)
FlagshipKansas.Tech
Florida Technology Council
GCP Partnership
Greater Nashville Technology Council (GNTC)
Indiana Technology & Innovation Association
KC Tech Council (KCTC)
Knoxville Technology Council
Massachusetts Technology Leadership Council (MasSTLC)
Minnesota Technology Association (MnTech)
MKE Tech Hub Coalition
Montana High Tech Business Alliance
Nebraska Tech Collaborative
New Mexico Technology Council (NMTC)
NH Tech Alliance
North Carolina Technology Association (NC TECH)
North of 41
Northern Virginia Technology Council (NVTC)
OhioX
Maryland Tech Council

Orlando Tech Council
Philadelphia Alliance for Capital and Technologies (PACT)
Pittsburgh Technology Council (PTC)
Roanoke Blacksburg Technology Council
South Florida Tech Hub
Springfield Tech Council
Tampa Bay Tech
Tech San Diego (TSD)
Tech Titans (TTN)
TechBirmingham
TechLauderdale
Technology Association of Georgia (TAG)
Technology Association of Iowa (TAI)
Technology Association of Louisville Kentucky (TALK)
Technology Association of Oregon (TAO)
Technology Council of Central Pennsylvania
Technology Council of North Dakota (TechND)
TechPoint Ohio IT Association, Inc
TechRochester
TechSTL Idaho Technology Council (ITC)
The Right Place
Washington Technology Industry Association (WTIA)
Wisconsin Technology Council (WTC)
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