

The Honorable Kevin McCarthy
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Republican Leader
U.S. Senate
Washington, DC 20510

April 5, 2023

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

We, the undersigned organizations, are members of the Technology Councils of North America (TECNA) and collectively represent more than 22,000 small- to medium-sized innovation and technology companies across North America. Our member companies are often startups and are heavily dependent on a thriving ecosystem of investment capital and acquisitions. We encourage Congress to take immediate action to repeal the harmful R&D amortization provisions that went into effect in 2022. Congress's failure to act expediently will result in a loss of jobs and 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. However, 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 by passing the *American Innovation & Jobs Act of 2023 (S. 866)*, a bipartisan bill sponsored by Maggie Hassan (D-NH) and Todd Young (R-IN) which would restore the immediate deductibility of R&D expenses. Failure to enact this bill or incorporate it into a larger package will result in the United States joining Belgium as the only other 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 (TECNA)

Arizona Technology Council	Richmond Technology Council
Austin Technology Council	Roanoke Blacksburg Technology Council
Build Carolina	SC Council on Competitiveness
Chattanooga Technology Council	Springfield Tech Council
Colorado Technology Association	Tampa Bay Tech
Connecticut Technology Council	Tech Council of Delaware
Florida Technology Council	Tech Hub South Florida
Greater Cleveland Partnership	Tech San Diego
Greater Nashville Technology Council	Tech Titans
Idaho Technology Council	TechBirmingham
Indiana Technology & Innovation Association	TechBuffalo
KC Tech Council	Technology Association of Georgia
Knoxville Technology Council	Technology Association of Iowa
Maryland Tech Council	Technology Association of Louisville Kentucky
Massachusetts Technology Leadership Council	Technology Association of Oregon
Minnesota Technology Association	Technology Council of Central Pennsylvania
MKE Tech Hub Coalition	Technology Council of North Dakota
Nebraska Tech Collaborative	Technology Council of West Michigan - The Right Place
New Mexico Technology Council	Technology First
NH Tech Alliance	TechPoint
North Carolina Technology Association	TechSTL
Northern Virginia Technology Council	Washington Technology Industry Association
Ohio Innovative Technology Association	Wisconsin Technology Council
OhioX	1871
Philadelphia Alliance for Capital and Technologies	
Pittsburgh Technology Council	

cc: The Joint Committee on Taxation