

Permanently Extend the R&D Tax Credit

Congressional action is needed to ensure that the research and development credit continues to aid investment in the United States.

The R&D tax credit, originally enacted in 1981, has been extended 12 times. The current extension expired on December 31, 2007 and Congress has not yet acted to extend the credit.

Why This Is Important:

- The credit *drives* R&D investment location decisions. With foreign governments luring American companies to base research operations abroad, this credit helps counteract that by making the U.S. a more attractive location to base R&D, thus keeping U.S. jobs here— in fact, in recent years, the U.S. R&D tax credit has actually become more restrictive, while those in other countries have become more generous, leading to their expansion of innovations to the detriment of the U.S..
- The recent system of only temporary extensions (or retroactive extensions) hurts R&D activities. Uncertainty in the availability of this tax credit makes it difficult for U.S. companies to base research and development activities in this country, thus defeating the purpose of the tax credit. Accordingly, U.S. tax law designed to encourage R&D should not be the current stop-and-go that it is—it needs to be permanent so that these innovations continue and actually come to fruition.
- It's better for U.S. workers, the U.S. economy and future growth to keep research here, as opposed to elsewhere.

What it Has Helped Do:

- New vaccines, faster Internet and other communications capabilities, safer transportation.
- Enhanced energy-efficient appliances, better homes, improved national security.
- Job creation, better consumer products, economic growth.

SPI Position:

- The Society of the Plastics Industry, Inc. (SPI) strongly supports the R&D credit. Founded in 1937, SPI is the trade association representing the entire U.S. plastics industry, one of the largest manufacturing industries in the U.S.—the 3rd largest according to recent Census data.
- SPI's members represent the entire plastics industry supply chain, including processors, machinery and equipment manufacturers and raw materials suppliers. The industry employs 1.1 million workers and provides nearly \$341 billion in annual shipments.