

Congress of the United States
Washington, DC 20515

December 16, 2010

The Honorable Nancy Pelosi
Speaker of the House
H-232 United States Capitol
Washington, D.C. 20515

The Honorable Steny H. Hoyer
Majority Leader
H-107 United States Capitol
Washington, D.C. 20515

Dear Speaker Pelosi and Majority Leader Hoyer,

Despite other problem areas in the tax extender package, we are pleased that the package includes a two-year extension of the R&D tax credit and encourage you to include also an increase of the manufacturing tax credit to 15%, as proposed in HR 6201, the 21st Century Investment Act of 2010. This proposal goes to the heart of buying American.

According to the Information Technology and Innovation Foundation, the United States was the pioneer behind the R&D tax credit in the 1980s, spurring economic gains and the adoption of similar credits in countries all around the world. Since then, many nations have surpassed the United States with far more generous tax incentives for research and development. In fact, by 2008, the U.S. had fallen to 17th in generosity for general R&D amongst the Organization for Economic Co-operation and Development nations, which is why extending the R&D tax credit is so critical.

However, the proposed extension will fall short of its stated goal unless we link it to manufacturing here at home. Innovation and a return to domestic manufacturing are critical components to long-term economic growth in this country. We must do more to encourage companies to create good, high-wage jobs and make necessary investments to increase productivity and growth in the short- and long-term.

According to Bloomberg News-U.S. manufacturing growth slowed in November while China's manufacturing grew at a faster pace for the fourth straight month in November.

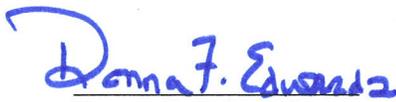
In 2009, the percentage of global semiconductor production capacity in the United States was only 14 percent, down from 25 percent in 2005, according to [Manufacturing and Technology News](#). Moreover, nearly 75 percent of manufacturing capacity was in Asia. We are losing the race for 21st Century manufacturing and we must reverse this paradigm.

In a global and ever-changing economy, 21st Century manufacturing will not see a return to our old manufacturing days. That is why it is why we need to recreate our manufacturing industry for new technology to give real incentives to our domestic manufacturers to match their production with the increases we are making in research and development.

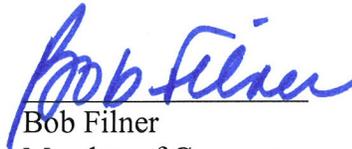
We must reverse this trend by increasing the manufacturing tax credit to 15% and this tax package is the ideal opportunity to reverse this paradigm and set us on the right path.

In addition, this proposal fits with the vision of this Congress to buy American and to build America. We need to provide incentives to our manufacturers to make sure we keep jobs here at home. We encourage you to increase the manufacturing tax credit in order to make the extension of the R&D tax credit powerful and worthwhile. Thank you for your attention and consideration.

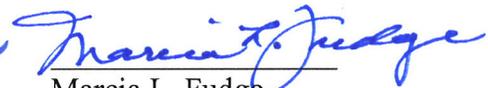
Sincerely,



Donna F. Edwards
Member of Congress



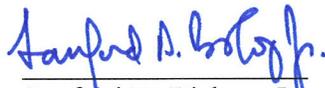
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Member of Congress



Marcia L. Fudge
Member of Congress



Steve Cohen
Member of Congress



Sanford D. Bishop, Jr.
Member of Congress



Eleanor Holmes Norton
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Peter DeFazio
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