

THE NEW ENGLAND COUNCIL

March 30, 2023

Dear New England Delegation,

On behalf of the members of The New England Council, we urge you to reverse a harmful tax change which threatens jobs and innovation in New England by passing the bipartisan *American Innovation and Jobs Act*. As you know, the New England region is recognized as a global innovation hub and is home to industry-leading companies across an array of sectors including semiconductors, life sciences, renewable energy, biotechnology, and more. For years businesses have been allowed to fully deduct their R&D expenses in the same year because the tax code appreciated the importance of research and development. However, under a provision of the Tax Cuts and Jobs Act of 2017 that went into effect for the 2022 tax year, businesses must amortize or deduct these expenses over a period of years. This will ultimately make R&D more costly to conduct in the New England and across the U.S. The New England Council believes firmly that the current Research and Development amortization requirement will halt and harm our region's continued growth and leadership on the global stage.

As a result of this change, the US is now only **one of two** developed countries requiring the amortization of Research and Development expenses. Comparatively, our nation's competitors, such as China, currently provide a "super deduction" for Research and Development expenses which drastically increases the allowed amount deducted for companies who previously did not qualify. This will take Research and Development facilities and funding away from the US because it will be more costly to do research in our own nation. This will damage our competitiveness and lead to national security ramifications.

Fortunately, New England's own Senator Maggie Hassan (D-NH) recently partnered with Senator Todd Young (R-IN) to reintroduce the *American Innovation and Jobs Act*. This bill would reverse that changes put in place under the Tax Cuts and Jobs Act of 2017 and would allow businesses to continue to fully R&D expenses each year. The legislation also raises the cap over time for the refundable R&D tax credit for small businesses and startups, and expands eligibility for the refundable R&D tax credit so that more startups and new businesses can use it.

For New England's innovation economy to continue to grow and thrive, The New England Council supports advancements in federal policies that will support U.S. innovation and global competitiveness. Therefore, we respectfully encourage you to support the bipartisan *American Innovation and Jobs Act*. In doing so, you will help secure New England and the Nation's global leadership in innovation and its economic and national security future. If you or your staff have any questions or would like to discuss further, please feel free to contact me or Mariah Healy, our Director of Federal Affairs, at mhealy@newenglandcouncil.com.

Sincerely,



The New England Council

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