

# THE NEW ENGLAND COUNCIL

November 27, 2023

The Honorable Ron Wyden  
U.S. Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Mike Crapo  
U.S. Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Jason Smith  
U.S. House Committee on Ways and Means  
1139 Longworth HOB  
Washington D.C. 20515

The Honorable Richard Neal  
U.S. House Committee on Ways and Means  
1139 Longworth HOB  
Washington D.C. 20515

Dear Chair Wyden, Ranking Member Crapo, Chair Smith, and Ranking Member Neal,

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 and the United States by addressing this change in a year-end tax package. The New England Council is a non-partisan alliance of over 600 businesses, academic and health institutions, and public and private organizations throughout New England formed to promote economic growth and a high quality of life in the New England region. The Council's mission is to identify and support federal public policies and articulate the voice of its membership regionally and nationally on important issues facing New England.

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, as you know, under a provision of the Tax Cuts and Jobs Act of 2017 that went into effect for the 2022 tax year, businesses must now amortize or deduct these expenses over a period of years. This will ultimately make R&D more costly to conduct across New England and the U.S., which will result in a negative impact to the region as New England 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. 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. Indeed, in recent months, we have heard from many of our members representing a wide array of industries—including defense, healthcare, life sciences, and technology—that this change in the tax code could have a significant impact on their ability to continue to innovate and grow.

As a result of the Tax Cuts and Jobs Act of 2017, the U.S. 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 U.S. as it will be more costly to do research in our own nation. This will damage our competitiveness and lead to national security ramifications.

For New England's innovation economy to continue to grow and thrive to the benefit of the entire nation, The New England Council supports advancements in federal policies that will support U.S. innovation and global competitiveness. This vital policy update would reverse changes put in place under the Tax Cuts

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## The New England Council

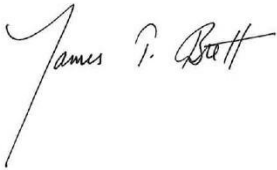
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and Jobs Act of 2017 and would permanently allow for immediate research and development expensing looking back to 2022 when the provision expired. This update has received broad bipartisan support.

Therefore, we respectfully encourage you to address this tax issue in an year-end tax package. 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](mailto:mhealy@newenglandcouncil.com).

Sincerely,



James T. Brett  
President & CEO

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