



Committee On Finance

Max Baucus, Ranking Member

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Baucus Introduces Legislation to Promote Research and Development *Baucus Joins Senator Hatch to Make R&D Tax Credit Permanent*

(WASHINGTON, D.C.) Today, U.S. Senator Max Baucus (D-Mont), ranking member of the Finance Committee, joined Senator Orrin Hatch (R-Utah), a senior member of the Finance Committee, in introducing legislation that would expand and permanently extend the research and development (R&D) tax credit to companies and small businesses.

Since it was introduced in 1981, the R&D tax credit has been extended 11 times and will expire on December 31, 2005. Senator Baucus was a co-sponsor of similar legislation introduced by Senator Hatch in the last Congress. Because the R&D tax credit is continually extended, companies with long term projects may not be able to rely on using the credit. Making this incentive permanent will allow companies in the United States to plan for the long term and allow them to take advantage of the tax credit.

“Research and development makes our economy stronger, creates more jobs, and creates new technology enhancing our lives,” Baucus said. “Making the R&D tax credit permanent will allow companies to continue America’s tradition of being the birthplace of innovative ideas and technology. The legislation introduced today will make this important tax incentive permanent and will help America maintain its competitive edge. This tax credit takes an important step to keeping good, high paying jobs here in the United States.”

While making the R&D tax credit permanent, the legislation introduced today would also simplify and expand the rules of the R&D tax credit, making it available to many more companies. Under current law, some companies are not able to fully utilize the credit despite a significant amount of research expenditures. Baucus and Hatch’s legislation would level the playing field, so all companies could equally benefit.

“The R&D tax credit has been proven to be an effective tool in keeping the United States competitive in a global economy and keeping the economy on track,” Baucus said. “We need to act to make it a permanent part of the tax code that U.S. businesses can rely on. I look forward to working with Senator Hatch and all of my colleagues on this important issue.”

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