



**PLEASE OPPOSE H.R. 880, AMERICAN RESEARCH AND COMPETITIVENESS ACT,
ANOTHER PERMANENT AND COSTLY CORPORATE TAX EXTENDER**

May 19, 2015

Dear Representative:

On behalf of [Americans for Tax Fairness](#), a coalition of 425 national and state organizations, I am writing in opposition to H.R. 880, the American Research and Competitiveness Act, which will [cost \\$182 billion over 10 years](#), according to the Joint Committee on Taxation. This bill doesn't just permanently extend the R&D tax credit, it greatly expands it; an extension of existing law [would cost less than half – \\$79 billion](#) – according to the Congressional Budget Office.

We have several objections to this legislation. First, it would make the temporary R&D tax credit permanent without it being paid for, so its costs will be added directly to the deficit. This is the height of hypocrisy – the House majority seeks to provide billions in permanent tax breaks to businesses while demanding that any new spending be paid for by cutting other spending. Moreover, some of America's largest companies benefiting from and lobbying for this tax break have [paid little in federal income taxes over a recent five-year period](#), or they have even gotten tax refunds, including Corning (–0.3%), Honeywell (7.5%) and United Technologies (10.9%), despite reaping billions in profits.

Second, is the basic issue of fairness. It would be an egregious double standard if you vote to increase the deficit with a \$182 billion corporate tax break after having passed a budget that slashes \$5 trillion in benefits and services that primarily benefit working Americans in order to reduce the deficit.

Even before passage of the new budget, federal spending has been cut by about \$2.5 trillion over ten years through recent painful deficit-reduction measures that disproportionately affect the most vulnerable Americans and shortchange the need for critical new investments. Corporations have not been asked to contribute a dime in new revenue for deficit reduction. If any increase in spending needs to be paid for by equal cuts in other spending, as the House majority demands, then a similar standard should be applied to extending corporate tax breaks by requiring that they be paid for by closing other corporate tax loopholes.

Budgets are about choices. The \$182 billion cost of this tax extender could be used for other critical investments. For example, this tax break is worth more than the [\\$168 billion shortfall projected in the Highway Trust Fund through 2025](#), which imperils basic investments for roads,

bridges and mass transit. Yet the House majority insists that this funding gap be offset through spending cuts.

Third, if corporate tax breaks are going to be made permanent then so should other tax extenders and long-standing tax provisions that benefit working families. These include the tax deduction for certain school expenses incurred by teachers, tax relief for people who are taking a loss by selling their homes that have underwater mortgages, and the need to make permanent the 2009 improvements to the EITC and Child Tax Credit – failure to do so would push [16 million low- and moderate-income people, half of them children](#), into poverty or deeper into poverty.

Finally, if Congress is engaged in developing corporate tax-reform legislation it makes no sense to skip ahead and make the R&D tax credit or any other corporate tax breaks permanent.

For all of these reasons, I urge you to oppose this very misguided legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank Clemente", written in a cursive style.

Frank Clemente
Executive Director