

March 7, 2013

The Honorable Patty Murray
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

The Honorable Jeff Sessions
Ranking Member
Committee on the Budget
United States Senate
Washington, DC 20510

The Honorable Paul Ryan
Chairman
Committee on the Budget
United States House of Representatives
Washington, DC 20515

The Honorable Chris Van Hollen
Ranking Member
Committee on the Budget
United States House of Representatives
Washington, DC 20515

Dear Chairman Murray, Chairman Ryan, Ranking Member Sessions, and Ranking Member Van Hollen:

As representatives of small businesses that devote significant assets to innovative research and development (R&D), we support Congressional efforts to reform the tax code, lower the corporate tax rate, and make the U.S. tax system more competitive given our global challenges.

As Congress considers reforms, it is imperative that policymakers recognize the importance of both large and small business innovation to America's long term economic growth. America currently leads the world in groundbreaking R&D, and small companies are also at the forefront of the effort. Small businesses are also the creators of most new jobs.

Companies leading the research-based economy are supporting high-quality jobs in all 50 states while also leading the search for the next scientific breakthroughs or revolutionary technologies. Many of these companies are small businesses which devote their time and assets to important R&D, pushing the boundaries of science and technology during a long and difficult development process.

Comprehensive tax reform that fosters innovation by growing companies could spur investment and support the growth of an R&D-intensive, modern American economy. Many emerging research-centric businesses do not generate revenue, and therefore do not have tax liabilities at the early stages of their development. Lowering tax rates and broadening the tax base will not help these companies in the near term. Considering the long term significance of innovative small businesses to the economy, we believe that tax reform should address this segment of the economy.

Comprehensive tax reform has the potential to inspire job growth in key R&D sectors and reverse recent trends that have seen research and manufacturing employment leave the U.S. In order to create domestic jobs and ensure that the U.S. maintains its global leadership, tax reform must go further than broadening the base and lowering the rate. Innovation by pre-revenue companies must be promoted if the U.S. is going to lead the way in the global economy. To the

extent that the budget process lays the groundwork for tax reform, it should specify the promotion of pre-revenue small business innovation as a key tax priority.

We look forward to working with you as Congress undertakes this important effort.

Sincerely,

AdvaMed

Angel Capital Association

Biotechnology Industry Organization

Center for Innovative Technology

Commercial Spaceflight Federation

CONNECT

Electricity Storage Association

Information Technology and Innovation Foundation

Medical Device Manufacturers Association

NanoBusiness Commercialization Association

National Council for Advanced Manufacturing

Neurotechnology Industry Organization

Water Innovations Alliance

The **Advanced Medical Technology Association (AdvaMed)** is a trade association that leads the effort to advance medical technology in order to achieve healthier lives and healthier economies around the world and acts as the common voice for companies producing medical devices, diagnostic products and health information systems. AdvaMed advocates on a global basis for the highest ethical standards, timely patient access to safe and effective products, and economic policies that reward value creation.

The **Angel Capital Association (ACA)** is the leading professional and trade association supporting the success of angel investors in high-growth, early-stage ventures. ACA provides professional development, industry voice, public policy advocacy and an array of benefits and resources to its membership of nearly 200 angel groups and more than 8,000 individual accredited investors.

The **Biotechnology Industry Organization (BIO)** is the world's largest biotechnology trade association. BIO provides advocacy, business development, and communications services for more than 1,100 members worldwide. BIO's mission is to be the champion of biotechnology and the advocate for its member organizations – both large and small.

The **Center for Innovative Technology (CIT)** creates technology-based economic development strategies to accelerate innovation, imagination and the next generation of technology and technology companies. Created in 1985, CIT, a non-profit corporation, plugs gaps at the earliest stages of the Innovation Continuum – commercialization and seed funding – as it helps entrepreneurs launch and grow high-growth technology companies and create high-paying jobs for the future. To facilitate national innovation leadership and accelerate the rate of technology adoption, CIT creates partnerships between innovative technology start-up companies and advanced technology consumers. Lastly, CIT builds the infrastructure for new innovation economies with expert broadband strategies.

The **Commercial Spaceflight Federation (CSF)** is the industry association of leading businesses and organizations working to make commercial human spaceflight a reality. The mission of the Commercial Spaceflight Federation is to promote the development of commercial human spaceflight, pursue ever higher levels of safety, and share best practices and expertise throughout the industry.

CONNECT is a program that catalyzes the creation of innovative technology and life sciences products by linking inventors and entrepreneurs with the resources they need for success. Since 1985, CONNECT has assisted in the formation and development of more than 3,000 companies. CONNECT focuses its efforts on accelerating the commercialization of new technology and life sciences products.

The **Electricity Storage Association (ESA)** is the world's premier energy storage trade organization. Our members include utilities, technology developers and manufacturers, national laboratories, system designers and academia using the ESA as the leading forum to promote a better understanding of the benefits of storage in the electricity grid. Long considered the leading technical resource on storage related issues, ESA members actively engage in numerous

activities to promote the development and commercialization of competitive and reliable energy storage systems.

The **Information Technology and Innovation Foundation (ITIF)** is a non-partisan research and educational institute – a think tank – whose mission is to formulate and promote public policies to advance technological innovation and productivity internationally, in Washington, and in the states. Recognizing the vital role of technology in ensuring prosperity, ITIF focuses on innovation, productivity, and digital economy issues.

The **Medical Device Manufacturers Association (MDMA)** is a national trade association providing educational and advocacy assistance to innovative and entrepreneurial medical technology companies. Since 1992, MDMA has been the voice for smaller companies, playing a proactive role in helping to shape policies that impact the medical device innovator. This is accomplished by maintaining relationships with key Members of Congress, senior staff at FDA and CMS, and through the grassroots support of MDMA members.

The **NanoBusiness Commercialization Association (NanoBCA)** is a trade organization dedicated to promoting the commercialization of nanotechnology and helping companies bring affordable, life-improving nanotech products to the market.

The **National Council for Advanced Manufacturing (NACFAM)** is an industry-led, policy research organization, working collaboratively with industry, education, government, and trade/professional associations since 1989 to accelerate the development of advanced technologies and related workforce skills.

The **Neurotechnology Industry Organization (NIO)** is the first and only trade group that lobbies on behalf of neuroscience-focused companies, brain research institutes, and patient advocacy groups across the spectrum of neurological disease, psychiatric illnesses, and nervous system injuries.

The **Water Innovations Alliance (WIA)** is the public policy voice of the world's water researchers, technologists, and innovators. The Alliance's role is to advocate policies that promote the aggressive development of water technologies and innovations across all sectors and users of water by creating new market opportunities, increasing funding, strengthening research and development programs, removing regulatory and market barriers and improving education, communication, and outreach efforts.