

Speaker Nancy Pelosi
U.S. House of Representatives
H-232 U.S. Capitol
Washington, DC 20515

House Republican Leader Kevin McCarthy
U.S. House of Representatives
H-204 U.S. Capitol
Washington, DC 20515

Senate Majority Leader
Chuck Schumer
United States Senate
S-230 U.S. Capitol
Washington, D.C. 20510

Senate Minority Leader
Mitch McConnell
United States Senate
S-221 U.S. Capitol
Washington, DC 20510

May 25, 2022

Dear Speaker Pelosi, Leader McCarthy, Leader Schumer, and Leader McConnell:

We are writing to applaud your leadership in initiating conference on the Bipartisan Innovation Act. This effort supports domestic investment, research, and manufacturing incentives for key technology areas to secure our critical national and economic infrastructure and reduce the nation's dependency on foreign sources.

Inclusion of funding for the Creating Helpful Incentives to Produce Semiconductors for America (CHIPS) Act will help advance the resilience of our national security supply chain. America created the microelectronics industry, but only 12% of semiconductor chips are made in America today. Maintaining our position as a global technology and manufacturing leader requires bold action to ensure secure and dependable access to these vital components.

Additionally, investment in research and development (R&D) is a foundational building block for innovation. To this end, it is imperative that the Bipartisan Innovation Act include a fix to the tax treatment of R&D expenses. Inclusion of a repeal or delay of the implementation of the 2022 requirement for companies to amortize their R&D costs over five years instead of deducting them in the year they occur is essential to ensure American industries can invest in the technologies necessary to compete. This harmful tax policy puts the U.S. R&D incentive at the bottom when compared to our trading partners, impacting U.S. competitiveness in advanced technologies.

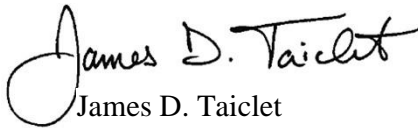
The FY2021 National Defense Authorization Act was an important first step, as it provided authorization for the CHIPS Act. Moving forward, Congress must provide funding for timely and adequate resources for legislation over the next five years. This should include the requested funding for the Public Private Partnership initiative between the USG, industry, and private capital to build a long-term sustainable national security ecosystem.


Robust funding for the CHIPS Act will enable key investments and include necessary resources for safe and secure microelectronics manufacturing for our national security needs. Microelectronics are key to producing and sustaining state-of-the-art U.S. and allied warfighting capabilities for 21st century deterrence. The life span of complex military systems requires a resilient supply that assures secure, available, and sustainable microelectronics chips for many years to come. However, on-shoring chips alone will not completely address national security requirements. Long-term supply of chips must be addressed to avoid premature chip obsolescence.

The Bipartisan Innovation Act, including CHIPS Act funding and a fix to address the negative impacts of R&D amortization on American industries' ability to invest in critical technological innovation, will enable the U.S. to achieve the goals of this important legislation. Enabling the semiconductor ecosystem to return to its founding nation will enhance the safety and security of the United States.

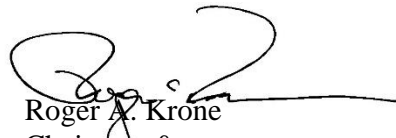
Thank you for your consideration and continued support.

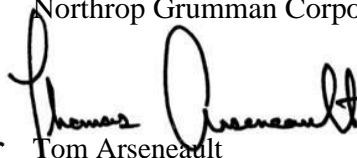
Sincerely,

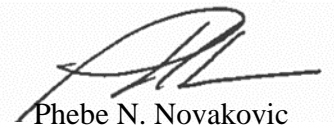

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