

May 21, 2010

Dear Ranking Member Camp:

On behalf of the Silicon Valley Leadership Group, we would like to express our support for the extension of the enhanced R&D Tax Credit within the “American Jobs and Closing Tax Loopholes Act of 2010”, H.R. 4213. However, we are concerned about revenue off-sets which were recently added, specifically changes to U.S. Tax Code Section 956, or the so called “hopscotch provision.” We urge that any changes to the U.S. international corporate tax provisions be reviewed within the broader context of comprehensive international tax reform rather than piecemeal.

The Silicon Valley Leadership Group, founded in 1978 by David Packard of Hewlett-Packard, represents 310 of Silicon Valley's most respected employers on issues, programs and campaigns that affect the economic health and quality of life in Silicon Valley, including energy, transportation, education, housing, health care, tax policies, economic vitality and the environment. Leadership Group members collectively provide nearly 250,000 local jobs, or one of every four private sector jobs in Silicon Valley, with combined annual global revenue of more than \$2 trillion.

We are concerned that the recent revenue off-sets are being used as “pay-fors” at the expense of U.S. jobs. We oppose attempts to make piecemeal changes in the corporate tax code to reduce or eliminate a U.S. employers’ ability to create jobs and remain competitive. Any proposed changes in U.S. international tax deferral laws and regulations should be considered as part of a broader, comprehensive effort to reform U.S. tax laws.

Specifically, the Silicon Valley Leadership Group strongly recommends that Section 404 of H.R. 4213 should apply to taxable years beginning after December 31, 2010, or at least to taxable years beginning after date of enactment. As you may know, the current 404 language establishes the effective date as yesterday. It is unfair to change Section 956, which was first added to the tax code in 1962, without adequate notice and retroactively setting a date of introduction rather than allowing advanced planning time for businesses. Taxpayers should be given a reasonable amount of time to adapt to major changes to longstanding international tax rules.

For these reasons, we urge you to oppose any piecemeal tax proposal that would impair an employer’s ability to compete in global markets, and to invest in the U.S. economy. We look forward to working with you on ways to reform the tax system to increase investment, expand the tax base without increasing the tax rates, and promote competitiveness and job creation in the U.S. and California.

Thank you in advance for your consideration.

Best regards,

Carl Guardino

President and CEO