

HealthCare Institute of New Jersey

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HealthCare Institute
of New Jersey



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Dear New Jersey Congressional Delegation:

On behalf of the more than 65,000 employees of the pharmaceutical and medical technology industry of New Jersey, we want to express our strong support for the American Jobs Creation Act of 2004. We urge you to vote in support of this important tax and economic growth legislation.

The bill recognizes the critical need to revise our tax system in order for U.S. businesses to remain competitive in the global marketplace. The legislation will also continue the long history of federal support for business-based research and development by extending the research and development (R&D) tax credit. New Jersey's pharmaceutical and medical technology companies spent \$3.7 billion on research and development in 2003 alone. The research and development tax credit is an important factor that allows our companies to continue their groundbreaking research and employ highly educated and skilled citizens of our state.

Another important provision in this bill that we strongly support is the proposed reduction in the tax rate on the corporate earnings that will be repatriated within the next 18 months. This temporary change will provide a needed infusion of cash into New Jersey and the rest of the nation. *According to Economist, Alan Sinai, earnings repatriation legislation would increase New Jersey's gross domestic product by an average of \$1.5 billion a year for each of the next three years. According to Dr. Sinai, over this period, companies would spend more than \$3 billion on New Jersey plant and equipment and would add 33,000 New Jersey jobs.*

Overall, this legislation would replace the extraterritorial income (ETI) with a set of tax code changes that relieve some of the excessive burdens U.S. businesses now face. The new tax policy makes it possible for us to increase jobs in the United States by helping us compete and expand globally. It is clear that the response the Congress issues to the World Trade Organization must ensure that U.S. multinational firms are not placed at a competitive disadvantage when the ETI regime is repealed and the American Jobs Creation Act achieves that goal.

The members of the HealthCare Institute of New Jersey and our employees strongly encourage you, and all your colleagues in the New Jersey delegation to support this critical legislation.

Sincerely,

Hon. Bob Franks