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June 15, 2004

The Honorable J. Dennis Hastert  
Speaker, U.S. House of Representatives  
Washington, D.C. 20515

Dear Speaker Hastert:

I am writing to thank you for your leadership on technology policy and taxation issues. The Information Technology Industry Council (ITI) strongly supports H.R.4520, the American Jobs Creation Act of 2004, as reported out of the Ways and Means Committee and we anticipate scoring the vote on final passage of the bill for our 108<sup>th</sup> Congress *High-Tech Voting Guide*.

ITI supports H.R. 4520 and its key provisions to enhance both the domestic and global operations of the U.S. technology industry, as well as its important international tax reforms. Several key technology issues are addressed by this bill. Research and development is the lifeblood of the technology industry, we have strongly supported enhancing and extending the R&D tax credit that will soon expire, and we support the extension included in the bill.

We strongly support the provision to remove a disincentive to U.S. companies to return their foreign earnings for investment in the U.S. economy by temporarily reducing the tax rate on such earnings to 5.25%. The capital assets brought into the U.S. economy under this proposal will fund investment in new plant and equipment, research and development, and other economic activities to boost our nation's economy and the IT sector. J.P. Morgan estimates that passage of this provision will stimulate the repatriation of \$425 billion to the U.S. and create 600,000 U.S. jobs.

Eliminating the 90% limitation on use of foreign tax credits toward offsetting alternative minimum tax (AMT) liability is another important issue. This provision will limit double-taxation of overseas earnings and increase the competitiveness of U.S. IT companies who operate globally.

Employee stock options are also a key element in maintaining the competitiveness of U.S. businesses and manufacturers. ITI supports the provision in this bill ensuring that employee stock purchase plans and incentive stock options will not be subjected to payroll taxes. Subjecting these transactions to payroll taxes would amount to a tax increase for millions of rank-and-file IT workers as well as the businesses that employ them.

The Information Technology Industry Council represents the leading U.S. providers of information technology products and services. ITI member companies employ more than one million people in the United States and produce \$668 billion in worldwide revenues. The *High-Tech Voting Guide* is used by the information technology industry to measure Members' of Congress support for the information technology industry and policies that ensure the success of the digital economy. At the end of the 108<sup>th</sup> Congress, key votes will be compiled and analyzed to assign a "score" to every Member of Congress.

We urge the House to support this legislation and look forward to working with you further to strengthen our nation's economy.

Best Regards,



Rhett Dawson  
President

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