

July 18, 2012

The Honorable Dave Camp
Chairman, Committee on Ways and Means
U.S. House of Representatives
341 Cannon House Office Building
Washington, DC 20515

The Honorable Sander M. Levin
Ranking Member, Committee on Ways and Means
U.S. House of Representatives
1236 Longworth House Office Building
Washington, DC 20515

Dear Chairman Camp and Ranking Member Levin:

On behalf of the 200 members of the Society of Chemical Manufacturers and Affiliates (SOCMA), thank you for convening today's hearing on tax reform. As one of the most innovative manufacturing sectors in the U.S., the specialty chemical industry leads the development of chemistries that support virtually every type of American manufacturing. As manufacturers, our members have a meaningful interest in the future direction of our tax laws, especially the federal research & development tax credit. Much research and investment are devoted to developing new chemical products before they are sold in the marketplace. This makes the R&D tax credit important to our members and to manufacturers in general. On average, manufacturers claim approximately 70% of R&D credit amounts.

Furthermore, the R&D tax credit is needed to keep the U.S. competitive in the global race for R&D investment dollars. According to the Organization for Economic Cooperation and Development, in 2009, the United States ranked 24th among 38 industrialized countries offering R&D tax incentives. This needs to change.

As you know, the R&D tax credit expired at the end of 2011, leaving our industry uncertain about how to budget for R&D. Strengthening the R&D credit and making it permanent will provide new opportunities for businesses of all sizes to expand and invest in their future, ultimately creating jobs and growing our economy.

SOCMA stands ready to assist you as you consider ways to reform our tax laws, especially how R&D tax incentives benefit one of our nation's most innovative and heavily relied upon manufacturing sectors.

Respectfully submitted,



Lawrence D. Sloan
President & CEO