COMMITTEE ON FINANCE

NEWS RELEASE

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BAUCUS: AMERICA MUST LEAD IN INNOVATION TO CREATE JOBS

Finance Chair: Tax Reform Should Promote Innovation to Boost Our Economy, Help Create Jobs

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) today said tax reform must promote innovation among American businesses to boost our economy and help create jobs. At a committee hearing, Baucus noted increased competition from overseas is putting our country's competitiveness at risk, but said that measures like his legislation to simplify and make permanent the research and development tax credit, unveiled yesterday, can help American businesses create jobs and lead.

"Development and innovation here at home boosts our economy and creates jobs. Making the research and development tax credit permanent will provide certainty and help spur economic growth for generations to come." said Baucus. **"Global competition is fierce, so it is crucial we remain the leader in research and development now more than ever."**

At the hearing, Baucus discussed the importance of supporting innovative American industries to help stimulate economic growth and job creation. Over the last three decades, U.S. industries have invented and produced things like the microprocessor, the mobile phone, solar panels, office software, personal computers and social networking. But today, out of the 21 OECD nations, the U.S. ranks 17th in tax incentives for research and development.

The main tax incentive for research and development, the R&D credit, is outdated and temporary, leaving businesses uncertain of its long-term reliability. Baucus introduced legislation yesterday with Finance Ranking Member Orrin Hatch (R-Utah), the GROWTH Act, to update, simplify and make permanent the R&D credit to provide a boost to American companies that seek to make job-creating investments. Baucus and the witness panel discussed how the GROWTH Act and other measures can support ingenuity among businesses and help the economy thrive. He also asked the witnesses what policies and tax measures would provide the most effective incentives for research and development.

The Finance Committee began its examination of the code last September with a series of hearings reviewing previous reform efforts and the need for tax reform. Today's hearing was part of a set of hearings addressing policy options for the major issues related to tax reform. Baucus previously called for international tax rules that promote American jobs and economic growth and for high-earners to contribute a fair share to deficit reduction in order to spare deep entitlement cuts. Last week, he discussed cost-effective ways to promote retirement savings through tax reform. Watch today's and all past hearings and view witness testimony on the Committee website at http://finance.senate.gov/hearings/.

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