

Assembly Joint Resolution

No. 58

**Introduced by Assembly Members Pringle, Cunneen,
Figueroa, Kaloogian, Lempert, Leonard, and Oller**

March 26, 1998

Assembly Joint Resolution No. 58—Relative to the research and development tax credit.

LEGISLATIVE COUNSEL'S DIGEST

AJR 58, as introduced, Pringle. Income and bank and corporation taxes: research credit.

This measure would respectfully memorialize the President and the Congress of the United States to enact legislation to permanently extend the research development credit.

Fiscal committee: yes.

1 WHEREAS, The federal research and development tax
2 credit expires on June 30, 1998; and

3 WHEREAS, The research and development tax credit
4 enjoys broad, bipartisan support and provides a critical,
5 effective, and proven incentive for companies to increase
6 their investment in United States-based research; and

7 WHEREAS, Since Congress first enacted the research
8 and development tax credit in 1981, two industries
9 important to California's economy, the pharmaceutical
10 and electronic industries, increased their research
11 spending from \$10.5 billion to more than \$64.2 billion; and

12 WHEREAS, The research conducted by these
13 industries alone has led to the development of many new

1 drugs and medicines and has helped propel us into the
2 Information Age; and

3 WHEREAS, While other countries continue to offer tax
4 incentives and subsidies to businesses competing with
5 United States companies, it is important that Congress
6 continue to encourage investment in innovative
7 technologies; and

8 WHEREAS, The structure of the research and
9 development tax credit ensures that companies that
10 benefit from the credit will continue to increase their
11 research and development spending from year to year
12 and also continue to add high-paying American jobs; now
13 therefore, be it

14 *Resolved by the Assembly and Senate of the State of*
15 *California, jointly,* That the Legislature of the State of
16 California respectfully memorializes the President and
17 the Congress of the United States to enact legislation to
18 permanently extend the research and tax credit, as
19 proposed in H.R. 2819; and be it further

20 *Resolved,* That the Chief Clerk of the Assembly
21 transmit copies of this resolution to the President and
22 Vice President of the United States, to the Speaker of the
23 House of Representatives, and to each Senator and
24 Representative from California in the Congress of the
25 United States.

