



**The National Venture Capital Association's
February 2024 Advocacy Toolkit:
Research and Development (R&D) Tax Credit**



Call to Action

Over the next two weeks, while Senate is on recess, NVCA asks you to complete the following items to help pressure the Senate to pass the bipartisan [tax package](#), *The Tax Relief for American Families and Workers Act of 2024* (H.R.7024):

1. Engage your Senate Delegation urging them to support swift passage of the tax package (via call, email, or by attending a local Town Hall).
2. Encourage your portfolio companies to reach out directly to their Senators in support of swift passage.
3. If you live in the following states, please prioritize Republican Senators outreach and encourage your portfolio companies to reach out directly. For the states with asterisks (*), we encourage all VCs and portfolio companies to engage these Senators as they are of strategic importance.
 - Alabama
 - Arkansas
 - Idaho*
 - Indiana
 - Iowa
 - Missouri
 - Montana
 - North Carolina
 - Oklahoma*
 - Tennessee*
4. Be sure to take note of your congressional engagement and email NVCA at policy@nvca.org about any feedback you receive, including any agreements (public or private) to swift passage of the legislation as it passed in the House of Representatives.

Background

The House passed the bipartisan [tax package](#), *The Tax Relief for American Families and Workers Act of 2024* (H.R.7024) - cosponsored by House Ways and Means Committee Chairman Jason Smith (R-MO) and Senate Finance Committee Chairman Ron Wyden (D-OR), which would fix a provision from the 2017 Tax Cuts and Jobs Act that required research and development (R&D) costs to be amortized over five years. If passed, R&D costs will be fully deductible in the year they are generated once again.

Longstanding tax policy has supported investment in innovation by allowing businesses to fully deduct their R&D expenses in the same year as they are incurred. However, a provision from the *Tax Cuts and Jobs Act* of 2017 now requires R&D costs to be amortized over five years. This change is creating tax liabilities for growth companies that are spending far more on research than they're realizing in revenue. If left to stand, requiring amortization of R&D expenses would particularly harm young companies investing a large share of their budget on researching technologies, including those critical to national security and the energy transition. Counterproductively, this would leave our nation's most innovative companies with fewer resources to dedicate to their missions at a time when policymakers are seeking to encourage greater investment in critical technologies through bipartisan initiatives within the *CHIPS & Science Act* and *Bipartisan Infrastructure Law*.

Talking Points

1. **Introduce yourself:**
 - I am a constituent (if applicable). My firm, **[insert company name]** is located in **[insert state]** which employs and funds constituents of Representative/Senator **[insert name]**'s district/state.
 - Our firm serves **[insert number]** of entrepreneurs spanning **[insert industries]**, including **[examples of portfolio companies]**.
 - Include any relevant statistics of your VC's local impact, like employment or impact of portfolio companies, is useful to include.
2. **Show your support for the R&D Tax Package:**

- Changing the five-year amortization time horizon for domestic research or experimental costs and restoring the provisions of Section 174 of the Internal Revenue Code, is critical to my business, our investments in companies based in [insert state].
- [Insert any personal circumstances with your experience]
- 3. **Ask about their stance on swift passage of the tax package:**
 - If they are in support:
 - Ask if they think any other Senators would be valuable to engage.
 - Ask if they think that the Continuing Resolution (CR) is a viable vehicle for the tax package to pass.
 - If they do not support:
 - Ask what the barrier is towards supporting this tax package.

Timing

We ask that you proactively reach out over the next two weeks, February 12 – 25, 2024. During this time, Senators will be in their respective states on recess and will be hosting town halls/meeting with constituents. After this period, the Senate will reconvene and negotiations will begin around the March federal appropriations deadlines, which could be a vehicle for this tax package.

Additional Information on Outreach

- **Know Your Congressional Delegation:**

Click [here](#) to find your Representative and click [here](#) to find your Senators. There is a tool that allows you to enter your zip code to determine your Representative. Each Member will have a website with the locations and contact information for District/State offices as well as their Washington DC office.
- **Find Your Senator's Contact Information:**

Your Senator's office phone number can be found on their website, which you can Google to find. At the very bottom of the website, there is typically of office's phone number. If easier, the Capitol Switchboard (202-224-3121) can connect you directly with the office you request.

Once you call the office and express your concerns (this will likely be to a staff assistant or intern), ask which staff would be best to email on this topic. Once they give you an email, send them an email personalizing the email template (below).
- **Find Your Senator's Town Halls This Recess**

Also ask the staff if they are aware of any Town Halls taking place this recess. Town Hall information can also often be found on the Senator's website or their Twitter account.
- **Take a Photo!**

If you are attending an in-person meeting with the Senator or attending a local Town Hall, make sure to ask for a picture with the Senator! If at a Town Hall, be sure to take pictures of the Senator, as a photo with the Senator may be more difficult to achieve. Be sure to send these to NVCA at policy@nvca.org!
- **Engage in Social Media**

Congressional Members utilize platforms such as social media accounts. Follow them, like them and promote your company by engaging them in social media. Following a meeting or public Town Hall engagement, be sure to post (thanking them for their time and calling for R&D passage). Make sure to tag the Senator and NVCA.



To stay engaged, be sure to follow and keep up with NVCA through our Twitter and LinkedIn listed below.

- Twitter: @nvca
- LinkedIn: National Venture Capital Association

- **Sample Email Text – VC Firms**

Dear Senator [insert name]:

My name is John Doe. In addition to being a constituent, I serve as a Partner at [insert company name], which employs [XX] individuals within the [insert state] and supports [XX] of local entrepreneurs.

In light of the House passed bipartisan [tax package](#), *The Tax Relief for American Families and Workers Act of 2024* (H.R.7024), I am reaching out to request your support of swift passage in the Senate. Changing the five-year amortization time horizon for domestic research or experimental costs and restoring the provisions of Section 174 of the Internal Revenue Code, is critical to my business, our investments in companies based in [insert state].

[Insert any personal circumstances with your experience]

Thank you for your consideration, please do not hesitate to reach out if a phone call is of interest.

Sincerely,
[Your Signature]
Your Name
Title
Company Name

- **Same Email Text – Portfolio Companies**

Dear Senator [insert name]:

My name is John Doe. In addition to being a constituent, I am a business owner of [insert company name], which employs [XX] individuals within the [insert state] and supports [XX] of local entrepreneurs.

In light of the House passed bipartisan [tax package](#), *The Tax Relief for American Families and Workers Act of 2024* (H.R.7024), I am reaching out to request your support of swift passage in the Senate. Changing the five-year amortization time horizon for domestic research or experimental costs and restoring the provisions of Section 174 of the Internal Revenue Code, is critical to my business in [insert state].

[Insert any personal circumstances with your experience]

Thank you for your consideration, please do not hesitate to reach out if a phone call is of interest.

Sincerely,
[Your Signature]
Your Name
Title
Company Name