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Representative Kurt Olson, Chair  
House Labor & Commerce  
State Capitol, Rm 24  
Juneau, Alaska 99801

February 18, 2011

Dear Representative Olson:


I write to you today in support of HB118, "An Act relating to a tax credit for corporate income taxes paid for qualified research and development expenditures; and providing for an effective date," which will encourage innovation and business expansion in Alaska.

Innovation, experimentation, research and development are all time consuming and often expensive endeavors without a guarantee of financial return. Subsequently, businesses that can benefit from these activities often do not undertake these necessary functions due to the significant economic risk associated with them. HB 118 will work to encourage these activities by mitigating some of the risk a business might otherwise incur by offering a tax credit for qualified expenditures related research and development.

Although this credit will mitigate some risk, capping it at 20% will encourage responsible research with participating companies still assuming an appropriate portion of the risk.

Half of the private sector is populated by small businesses and as many studies have shown, entrepreneurs and small businesses are the driving force for economic growth. They are also the businesses that after an economic downturn are the quickest to return to growth. This bill will support these businesses as they look to expand their product lines, develop more efficient ways of doing business and enhance their current business. This legislation will help individual businesses, the state and Alaskans by stimulating private-sector investment, entrepreneurial activity and business expansion that will result in sustainable long-term benefits to our economy.

Sincerely,

  
Bill Popp  
President & CEO