



**TECHNET**  
THE VOICE OF THE  
INNOVATION ECONOMY

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March 10, 2025

The Honorable Mike Johnson  
Speaker  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable John Thune  
Majority Leader  
U.S. Senate  
Washington, D.C. 20510

The Honorable Hakeem Jeffries  
Minority Leader  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Chuck Schumer  
Minority Leader  
U.S. Senate  
Washington, D.C. 20510

Dear Speaker Johnson, Leader Thune, Leader Jeffries, and Leader Schumer,

On behalf of TechNet, I write to outline our tax policy priorities for the 119th Congress. As Congress considers tax reform in the context of the ongoing budget reconciliation process, it is imperative that U.S. tax policies support innovation, spur economic growth, and strengthen the global competitiveness of American businesses.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes 98 dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over 4.5 million employees and countless customers in the fields of information technology, artificial intelligence, e-commerce, the sharing and gig economies, advanced energy, transportation, cybersecurity, venture capital, and finance.

The U.S. tax system has been a critical part of our nation's economic success. At its best, our tax system encourages private investment, supports startups and entrepreneurs, spurs job creation, and facilitates the conditions for strong, sustainable growth that keeps America at the forefront of global innovation. In many cases, preserving existing tax policy is an important goal that will continue to yield results. But there are ways that Congress can further improve our tax system to better serve American businesses, workers, and consumers.

### **Preserve a Globally Competitive Corporate Tax Rate**

The *Tax Cuts and Jobs Act of 2017* (TCJA) included critical provisions that encourage domestic investment and benefits U.S. workers, families, and

communities, including reducing the corporate tax rate to encourage private investment and spur economic growth. Maintaining the current 21% corporate tax rate is essential to sustaining this momentum. We urge Congress to preserve this rate as part of any tax reform discussions, ensuring businesses have the stability needed for long-term investment and job creation. Further, Congress should preserve the Foreign-Derived Intangible Income (FDII) rate, as enacted in the TCJA, to encourage investment and innovation in the United States while also incentivizing companies to choose the United States as the home for their intellectual property.

### **Support Startups and Entrepreneurs**

Startups and small businesses are vital to American job creation and economic strength. To cultivate a favorable environment for startups, Congress must preserve the current tax treatment of Qualified Small Business Stock to encourage stock ownership and equity sharing among employees of startups. This approach aligns employee interests with company success and aids in talent recruitment and retention. Permanently excluding capital gains taxes on investments in startup businesses held for more than five years will ensure startup access to capital and incentivize long-term investment in emerging companies.

### **Enhance Research and Development Incentives**

Innovation remains the cornerstone of economic progress, and federal tax policy must incentivize private sector research and development (R&D) to strengthen American competitiveness. To keep the United States at the forefront of new and developing technologies, we recommend permanently reinstating the ability for businesses to deduct R&D and software development expenses, as well as capital investments more broadly, in the year they are incurred. This will stimulate innovation and job creation by reducing the financial burden on companies investing in new technologies. These policies are particularly crucial during periods of high inflation and elevated interest rates, making American innovation more resilient by mitigating the increased cost of investment and the artificially higher taxes that result from forced amortization of capital investments.

### **Bring Advanced Manufacturing Back to the United States**

Congress should promote long-term American competitiveness and ensure an even playing field for semiconductor fabrication in the United States by extending the 25% advanced manufacturing investment credit under the *CHIPS and Science Act*, which expires at the end of 2026. *CHIPS and Science Act* incentives, including this tax credit, have successfully begun to reverse the decades-long decline in domestic semiconductor manufacturing. Since the *CHIPS and Science Act* introduced the advanced manufacturing credit, companies involved in semiconductor manufacturing have already announced more than 90 new projects across the United States, totaling more than \$500 billion in private investment and creating in the United States more than 58,000 direct jobs while supporting hundreds of thousands more. The first semiconductor manufacturing facility in two decades to produce domestic leading-edge chips has already come online as of January 2025,

and additional facilities are expected to follow. Incentivizing the further buildout of domestic manufacturing capacity, particularly in leading-edge chips, is critical to national security and to maintaining U.S. technology leadership, including in AI.

**Reduce Unnecessary and Inefficient Reporting Burdens**

As the digital economy expands, the United States must avoid creating unnecessary and inefficient bureaucracy that stifles growth and prevents Americans from reaping the benefits of innovation. For example, the *American Rescue Plan Act* drastically reduced the 1099-K reporting threshold from \$20,000 and 200 transactions to \$600 and one transaction, threatening unsuspecting Americans with confusing and unnecessary IRS reporting requirements and discouraging the use of popular digital consumer products and services, even when they don't owe any taxes. Congress must address the 1099-K reporting threshold before it impacts millions of Americans, such as casual sellers who use online marketplaces to sell used goods without generating taxable income.

As Congress considers tax reform measures in the budget reconciliation process, we believe that these priorities should be central to your work. By supporting and enacting these policies, lawmakers can ensure that our tax code spurs investment, strengthens economic growth, and secures America's continued status as the global leader in innovation. We look forward to working with you to achieve these objectives.

Sincerely,



Linda Moore  
TechNet President and CEO

Cc:

The Honorable Jason Smith, Chairman, House Committee on Ways and Means  
The Honorable Richard Neal, Ranking Member, House Committee on Ways and Means

The Honorable Mike Crapo, Chairman, Senate Committee on Finance  
The Honorable Ron Wyden, Ranking Member, Senate Committee on Finance  
The Honorable Jodey Arrington, Chairman, House Committee on the Budget  
The Honorable Brendan Boyle, Ranking Member, House Committee on the Budget  
The Honorable Lindsey Graham, Chairman, Senate Committee on the Budget  
The Honorable Jeff Merkley, Ranking Member, Senate Committee on the Budget