



May 19, 2021

National Taxpayers Union urges all Senators to vote “NO” on S. 1260, the “U.S. Innovation and Competition Act.” This legislation would spend over one-hundred billion dollars without making offsets elsewhere in the budget. NTU strongly believes that the U.S. can and should do more to “win” the future in terms of technological innovation, but saddling taxpayers with even more debt in the years to come would harm future generations more than it would help them.

The USICA is a well-intentioned proposal aimed at bolstering U.S.-based technology research and development efforts in order to counter China’s growing global influence. Many view the rise of China as a potential military, diplomatic, and economic superpower as a threat that could upend world order. In our view, the best way to mitigate some of these challenges is to foster stronger trade relations with better enforcement mechanisms, which historically has proven to diffuse tensions and boost prosperity for trading countries.

Many have lauded this legislation as a way to “win” the future, but this proposal would just saddle future generations with even more debt that they will eventually have to pay back and would exacerbate our nation’s dire fiscal imbalance by increasing annual spending authorizations. Specifically, this spending package authorizes \$120 billion for research and development, NASA, semiconductors, regional technology hubs, and manufacturing. Additionally, S. 1260 contains language expanding the use of costly “Buy America” requirements which needlessly raise costs that taxpayers have to cover.

With a national debt rapidly approaching \$30 trillion and rising annual deficits, lawmakers must address the reality that the U.S. cannot simply keep printing money. If spending continues on its current trajectory, we will be hit with a debt crisis in the near future. The effects of this debt crisis are dire; it will lower national savings and income, raise interest payments, lead to massive increases in taxes, decrease our nation’s ability to respond to problems, and increase the risk of a financial crisis. If the Congress truly believes this level of spending is necessary to “win” the future and counter China’s technological growth, then spending should be matched with commensurate cuts or budgetary offsets elsewhere.

The actual need for more government involvement and investment in the technology space is also murky. In many respects the private sector is leading the way in order to keep the United States at the forefront of technological innovation. The best way for the government to ensure our private sector remains globally competitive is to keep many critical tax provisions that incentivize investments in research and development.

Roll call votes on S. 1260 will be significantly-weighted in NTU’s annual Rating of Congress and a “NO” vote will be considered the pro-taxpayer position.

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