



# Tax credit works for Honeywell

## Officials say plant's success shows need for permanent program

By **Robert J. McCarthy**

NEWS POLITICAL REPORTER

Published: January 11, 2011, 12:00 AM

A whole lot more of New York's industrial facilities could resemble Buffalo's Honeywell Specialty Materials plant if Sen. Kirsten E. Gillibrand and Rep. Brian Higgins succeed in expanding tax credits for research and development.

That means not only hundreds of jobs, they said while touring the Elk Street facility Monday, but more companies like Honeywell with 400 patents and another 400 pending.

"I believe this is the kind of idea we can move forward in the new Congress," Gillibrand said. "It's not a Democratic idea, and it's not Republican idea. It's just a good idea."

The congressional duo along with Mayor Byron W. Brown chose Honeywell on Monday to unveil a plan to make permanent a federal tax credit for companies engaged in research and development. While the credit has been extended on a temporary basis 14 times in the past, Higgins and Gillibrand now propose making it permanent as a way of firmly establishing innovation technologies before they are lost to competing nations.

"A business can't count on it," the senator said. "Making it permanent allows for longer-term investment and more significant investment."

She and Higgins estimate that a \$7.5 billion investment and 162,000 jobs would result nationally if Washington makes the credit permanent, with more than 80 percent of the credit paying salaries of researchers.

"Making it permanent is very important because it sends a signal to the financial community and to industry," Higgins said, "that we are serious about making innovative changes."

Plant manager Jay Kelly introduced Gillibrand, Higgins and Brown with the idea that Honeywell and other companies can be more competitive if given a reason to develop new products and techniques.

"We need to reduce our tax burden in this competitive global marketplace," Kelly said. "This would help Honeywell continue to develop advanced technology."

The Buffalo plant already has proved an innovator in developing environmentally friendly refrigerants and components of lithium ion batteries, he added.

Gillibrand's new legislation proposes:

- Expanding the current credit to provide greater incentive for companies to increase investment.
- Simplifying the complicated and confusing credit application process.
- Making the new credit permanent.

The senator noted that 30 years ago, the U. S. led the world in providing tax incentives for private investment in research and development, but now ranks 17th among developed countries.

“These kind of high-end, good-pay-

ing jobs are the kind we want to create,” Gillibrand said of Honeywell. “We just can't afford to fall further behind.”

Brown commended both federal officials for efforts to assist high-tech companies like Honeywell.

“Our number one priority as elected officials has got to be to do things that create jobs in our communities,” he said.

And Lyn Dyster, vice president of operations for a new Buffalo Niagara Medical Campus research firm called Kinex Chemical, said support for developing new therapies for cancer and other disorders sponsored by her firm is critical.

“R&D is the largest part of what we do,” she said, pointing to the potential for competing companies to gain advantages through their own government incentives.

[rmccarthy@buffnews.com](mailto:rmccarthy@buffnews.com)

<http://www.buffalonews.com/business/article308902.ece>