

April 3, 2023

The Honorable Todd Young  
U.S. Senate  
Washington, DC 20515

The Honorable Mike Braun  
U.S. Senate  
Washington, DC 20510

The Honorable Frank Mrvan  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Rudy Yakym  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Jim Banks  
U.S. House of Representatives  
Washington, DC 20515

The Honorable James Baird  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Victoria Spartz  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Greg Pence  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Andre Carson  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Larry Bucshon  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Erin Houchin  
U.S. House of Representatives  
Washington, DC 20515

Dear esteemed members of the Indiana Delegation:

On behalf of Corteva, I am writing to you today regarding a timely issue. As you may know, Corteva is a U.S. based and leading global provider of seed and crop protection solutions focused on agriculture and contributing to an innovative, more secure, and sustainable food supply. With 21,000 employees globally, Corteva operates out of its headquarters in Indianapolis, Indiana, which also serves as one of our major global research hub locations.

To meet the demands of today and the goals of tomorrow, the development of new and innovative products that address farmers' productivity challenges, consumer demands, increased weather concerns, regulatory changes, and safety requirements is critical. Addressing these challenges will be capital-intensive, demanding, and difficult, but it is necessary. That is why Corteva invested over \$1.3B in research and development in 2022 to advance science-based innovation, which aims to deliver a wide range of improved products and services to help farmers of all sizes. Much of that investment (~70%) was spent in the United States. Further, about half of this spend represents wages paid to 3,300 of Corteva's U.S. based R&D employees, of which 30 percent of this workforce lives and works in Indiana.

It is for these reasons that for nearly 70 years, the tax code has recognized the importance of research and development by allowing businesses to deduct their R&D expenses in the same year fully. However, beginning in 2022, companies like Corteva must amortize or deduct these expenses over a period of 5 years, making R&D more costly to conduct in the U.S. To put this into context, our major global competitors are going in the opposite direction. China currently provides a so-called "super deduction"

April 3, 2023  
Page 2

for R&D expenses up to an extra 100% of eligible R&D expenses in addition to actual R&D expenses. This super deduction means that \$100 of qualifying R&D expenses would generate a \$200 deduction in 2023. In contrast, the same \$100 expense in the U.S. would generate a mere \$10 deduction instead, as U.S. rules reduce the first-year deduction in half.

Innovation is one of the greatest strengths for American farmers and a significant contributor to job and economic growth, competitiveness, sustainability goals, and national security. On a level playing field, the United States can compete for R&D investment with any country worldwide. Unfortunately, the current playing field is tilted against the U.S., and every day this policy continues to be in place, it makes it harder for the U.S. to remain a global leader in innovation. Reversing the amortization-driven tax hike that businesses performing R&D, like Corteva, have already incurred simply for pursuing innovation critical to the future success of our economy is vital.

Just as Corteva is working with industry partners, we respectfully urge you to work with Congress to restore the full deductibility of R&D expenses retroactively from 2022 forward.

Sincerely,



Dave Anderson  
EVP, Chief Financial Officer  
Corteva Agriscience<sup>™</sup>