

October 31, 2006

The Honorable Bill Thomas
Chairman, Committee on Ways & Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Re: Tax Technical Corrections Act of 2006 (HR6264 and companion S4026)
Section 7, Repeal of the 15% IC-DISC dividend rate as of 9/29/06

Dear Congressman Thomas,

NH Research is a privately-owned, \$8-million-per-year manufacturer of automated test equipment for electronic power supplies. Approximately 1/3 of our business is international. This percentage, however, is growing rapidly due to the mass exodus of domestic electronics manufacturing to lower-cost Asian countries. In order to compete for business abroad we must invest heavily in local sales and service offices. For example, we have had to established offices in Shenzhen and Suzhou, China, where 70% of the world's electronic power supplies are now manufactured.

NH Research has only been able to accomplish this through the benefits afforded by the IC-DISC, which we have had in place since 1986.

To suddenly repeal this benefit is both unfair and hardship to our export sales efforts. In addition, it is disruptive to our 2006 year-end tax planning. Small private companies like us need all help they can get to compete in the global marketplace.

We urge you to delay enactment of this "technical correction" until more discussion is held about the unintended consequences on small manufacturers increasingly dependent on export sales.

Thank you for considering our comments.

Sincerely,

Peter Swartz, President
NH Research Incorporated
Irvine, CA 92606