

Congress of the United States

Washington, DC 20515

October 14, 2026

The Honorable Scott Bessent
Secretary
United States Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Bessent:

In light of concerning reports that Meta Platforms, Inc. is seeking to claim the research credit under 26 U.S.C. § 41 for substantial expenditures associated with its data center buildout, we write as Members of Congress to reaffirm that the credit is intended to incentivize qualified research and experimentation, not subsidize the routine deployment of existing technology. We believe that the credit remains a critical support for American innovation, but that an overly expansive interpretation of qualifying expenditures risks undermining its purpose by subsidizing ordinary capital investment rather than encouraging genuinely novel research.

Congress created the research credit as part of the Economic Recovery Tax Act of 1981 in response to declining private-sector research and development investment and concerns about U.S. technological competitiveness. The credit was designed to encourage companies to undertake additional research and experimentation, not to subsidize ordinary capital investment or the deployment of established technology.

Internal Revenue Code Section 41 and Treasury Regulation 1.41-4 establish specific requirements for activities to constitute qualified research.¹ Research must satisfy the IRS four-part test, which mandates the research must aim to develop or improve a product, process or technique, be technological in nature, eliminate uncertainty about capability, design, or methodology and importantly belong to a process of experimentation. A company must pinpoint the specific components of a project that are technically uncertain and prove it used scientific experiments to overcome that uncertainty.

These limitations are particularly important in distinguishing genuine research and experimentation from ordinary commercial activity. IRS guidance makes clear that research conducted after the beginning of commercial production and the duplication of an existing product or process do not qualify. Likewise, uncertainty about how best to configure or implement existing technology does not, alone, establish that a taxpayer has undertaken the process of experimentation required by Section 41. The IRS has repeatedly found that proven and commercially available equipment and technology is not eligible for the credit.

As a result, we are concerned by Meta's apparent position that expenditures associated with its massive data-center buildout qualify for the research credit. The purchase and deployment of commercially available servers, networking equipment, electrical infrastructure, cooling equipment, and other proven technologies cannot be transformed into qualified research merely because they are installed at unprecedented scale or in new configurations.

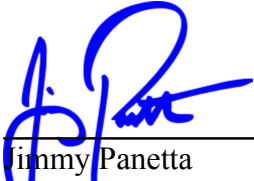
Allowing ordinary data-center construction and deployment costs to qualify would significantly expand the research credit beyond its intended purpose and risk converting an incentive for technological experimentation into a subsidy for capital expenditures that companies would undertake in the ordinary course of business.

The research credit is an important tool for promoting American innovation. Protecting its integrity requires ensuring that it rewards genuine research and experimentation rather than subsidizing routine capital investment.

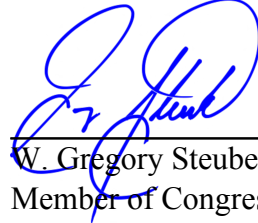
¹ Qualified research for expenditures credit, 26 C.F.R. § 1.41-4(a) (2026).

We appreciate your attention to this matter and look forward to your response.

Sincerely,



Jimmy Panetta
Member of Congress



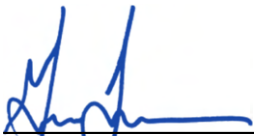
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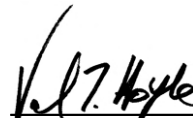
Terri A. Sewell
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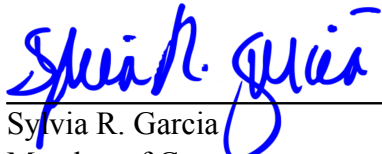
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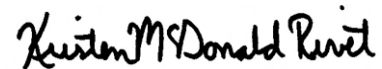
Veronica Escobar
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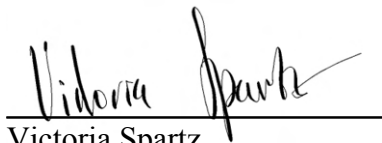
Nanette Diaz Barragán
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Andrea Salinas
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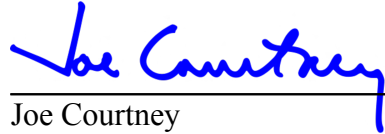
Kristen McDonald Rivet
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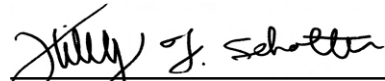
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