

United States Senate

WASHINGTON, DC 20510

October 7, 2026

The Honorable Frank Bisignano
Chief Executive Officer
U.S. Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224

Dear Mr. Bisignano,

I urge you to use the full authority of the Internal Revenue Service (IRS) to ensure the research and experimentation (R&E) tax credit is not being used to subsidize the construction of Artificial Intelligence (AI) data centers.

Congress' intent in establishing the R&E credit was to support private investment in nascent technologies that have uncertain commercial viability in the future. Congress structured the R&E credit to be incremental, designed to reward new research spending and to limit the cost to taxpayers. Instead, its reported use by major technology companies raises concerns that the credit is being used not to support new research, but to subsidize the physical infrastructure needed to build AI data centers.

According to recent public reports, Meta used the R&E credit to cut its federal tax bill by nearly \$4 billion in 2025 alone.¹ Meta reportedly claimed this credit on thousands of acres of data center development to train and further develop its network of computer chips—a process that is now widespread across the technology industry and tied to some of the most profitable businesses in the world. Meta itself acknowledged the potential misuse of claiming the R&E credit, disclosing in last year's annual report billions in “unrecognized tax benefits” that could become additional tax liability if challenged by the IRS.¹ Meta is not alone in this practice, as other major technology companies have similarly used the R&E credit in connection with the development of AI infrastructure and data centers.

In 2025, Meta paid an effective federal income tax rate of just 3.5%—roughly one-sixth of the 21% statutory corporate rate.² That same year, the company earned a record \$79 billion in U.S. income.³

¹ *Meta Platforms, Inc. 2025 Annual Report (Form 10-K)*. U.S. Securities and Exchange Commission. (2026). (Online at: <https://www.sec.gov/Archives/edgar/data/1326801/000162828026025534/meta-12312025x10kars.htm>).

² *Meta's Tax Breaks Under Trump Could Save Mark Zuckerberg Billions*. Institute on Taxation and Economic Policy. (2026). (Online at: <https://itep.org/meta-tax-breaks-trump-mark-zuckerberg/>).

³ *Meta's Tax Breaks Under Trump Could Save Mark Zuckerberg Billions*. Institute on Taxation and Economic Policy. (2026). (Online at: <https://itep.org/meta-tax-breaks-trump-mark-zuckerberg/>).

Meanwhile, Americans are bearing the direct costs of rapid data center expansion, including rising electricity bills and added strain on local infrastructure. This summer, our national debt surpassed \$40 trillion.⁴ The most recent IRS tax gap estimate puts the gross shortfall at \$700 billion for tax year 2022, while the next update has yet to be released.⁵

The IRS has a responsibility to ensure tax credits are being claimed as intended by Congress. Holding large technology companies accountable to their tax obligations is a straightforward step toward ensuring that every company pays its fair share.

I request a written response to the following questions by October 26, 2026:

1. Please provide a list of companies that claimed the R&E tax credit for expenses related to AI data centers in filing years 2020 to 2025.
2. What was the value of each tax credit issued in filing years 2020 to 2025 broken down by the company that claimed each?
3. On average, how many full-time equivalent (FTE) IRS employees are dedicated to reviewing and examining R&E tax credit claims annually?
4. How many enforcement actions did the IRS initiate related to the R&E tax credit for filing years 2020 to 2025?
5. Will the IRS pursue updated guidance or rulemaking to ensure that the R&E credit is used only for its intended purpose?

Sincerely,



PETER WELCH
United States Senator

cc: John Ternus, CEO, Apple | Satya Nadella, CEO, Microsoft | Sundar Pichai, CEO, Alphabet | Andy Jassy, CEO, Amazon | Jensen Huang, CEO, NVIDIA | Mark Zuckerberg, CEO, Meta | Elon Musk, CEO, Tesla

⁴ US Debt Crosses \$40 Trillion Threshold After Doubling Under Trump and Biden. Reuters. (August 19, 2026). (Online at: <https://www.reuters.com/world/us-debt-crosses-40-trillion-threshold-after-doubling-under-trump-biden-2026-08-19/>).

⁵ *The Tax Gap*. Internal Revenue Service. (Online at: <https://www.irs.gov/statistics/irs-the-tax-gap>).