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*San José State University*  
*Lucas Graduate School of Business*  

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Letter from the Editor

Innovation is the principal driver of value in the global economy. Here in Silicon Valley, one can’t drive down highway 101 without passing company after company that has created disruptive technology to improve our world. These are exciting times as we witness, first-hand, the extraordinary pace of change that is occurring during our lifetime. Since 1958, Moore’s Law has held true: Computing power has doubled every two years. So far, there have been roughly 27 doublings, which means the power of microprocessors has increased by a factor of 67 million! Spillovers from this invention are clearly fueling the pace of innovation and the resulting societal benefits.

In this issue, we are fortunate to have a tax expert who has contributed a thoughtful executive analysis that addresses innovation and tax reform. Annette Nellen, Professor, Lucas Graduate School of Business- San Jose State University and Director of the High Technology Tax Institute, appeared before the Senate Finance Committee hearing covering tax reform and incentives for innovation held in September 2011. Her written testimony, modified for the journal, explains the need for strategic tax reform and how to link innovation to the design of a tax system. She reviews current tax rules, including the research credit, and how the rules could be improved to spur innovation. In addition, Professor Nellen provides several non-tax recommendations to foster innovation in our country. Let’s hope Congress recognizes the importance of innovation for all sectors of the economy and implements meaningful tax reform to promote growth through innovation.

Silicon Valley is known for its world-class talent and that includes the students that contribute to this journal. Included in this issue are sessions summaries from the 27th High Technology Tax Institute. New offerings from four students make our tax enlightenment department a good read, as is an informative interview with Larry Langdon in our “Tax Mavens” section you’re sure to enjoy. Two new additions to our Focus on Tax Policy section look at increasing the standard mileage rate for charitable work and the idea of allowing unmarried individuals claiming the standard deduction to elect the IRS to prepare their return. I’m very proud of all the student contributions that helped make this issue possible. Take a bow! We value bringing this information in all its complexity to our readers.

Tim Kelly
Student Editor

PS: Someday Moore’s Law will come to an end, but even if it slows to every three or four years, the coming innovations are going to be spectacular. You ain’t seen nothin yet!
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