

Congress of the United States
Washington, DC 20515

October 24, 2017

The Honorable Paul D. Ryan
Speaker of the House
U.S. House of Representatives
H-232
Washington, DC 20515

Dear Speaker Ryan,

We write to urge you to work with the Committee on Ways and Means to ensure inclusion of medical device tax relief in legislative vehicles being considered by the House before the end of the year. The suspension of the medical device tax expires on January 1, 2018, and it is critical to the health and sustainability of this vital American manufacturing industry that this tax is not once again applied to its products. This looming tax increase will impact medtech innovation and job creation, threatening this industry and the constituents we serve.

The medical device industry, which includes hundreds of small businesses, needs certainty to continue its research and investment in critical life-saving innovations. The medical device industry directly employs 400,000 Americans. The industry is primarily comprised of small businesses – of the 6,500 medical device manufacturers in the United States, approximately 80% employ fewer than 50 employees.

Patients who rely upon these innovative technologies that improve their health will ultimately suffer the burden of this tax if it goes back into effect. Legislation to repeal the device tax enjoys broad bipartisan support as members from both parties recognize the impact this tax has on our constituents, both in access to the medical devices and diagnostic tools at the core of providing quality care, and in the hundreds of thousands employed by the industry.

Overall, the U.S. medical technology industry saw its jobs ranks fall by nearly 29,000 while the medical device excise tax was in effect, according to data from the U.S. Department of Commerce. A policy brief released by the American Action Forum (AAF) in March further underscores the impact of the device tax on medtech employment. According to AAF, if the tax resumes in 2018, up to 25,000 additional jobs could be lost by 2021. The net impact of permanently repealing the medical device tax could be in excess of 53,000 additional jobs, compared to what would occur if the tax remains in effect.

Finally, the 2.3% tax on revenue, rather than income, deters innovation, company formation, and economic growth. As companies plan their budgets for 2018, they will continue to move forward with decisions based on the assumption that the tax will return. Research and development is one of the first items to go to offset the tax, which undermines the future of the industry and erodes the long-run economic competitiveness of an important domestic manufacturing sector with

facilities in 44 states. More importantly, smaller manufacturers have had to pay the tax upon their first sale, which deters capital investment in new firms and slows the growth of existing ones.

As the House looks ahead to the latter half of the year, it is crucial that we do not allow taxes to increase on this key industry. We owe it to our constituents to act, and we look forward to working with you to accomplish this goal.

Sincerely,



Erik Paulsen
Member of Congress



Ron Kind
Member of Congress



Jackie Walorski
Member of Congress



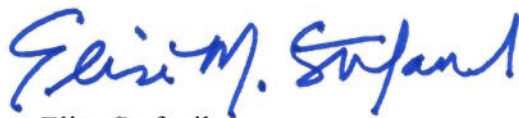
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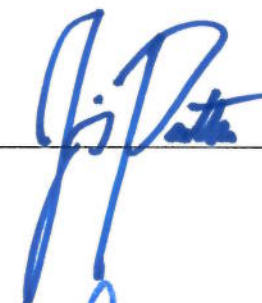
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