



July 13, 2015

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
S-230 Capitol Building
Washington, D.C. 20510

The Honorable Harry Reid
Minority Leader
U.S. Senate
S-221 Capitol Building
Washington, D.C. 20510

Dear Majority Leader McConnell and Minority Leader Reid:

As you continue to consider legislation to grow the economy, encourage job creation and innovation, I urge you on behalf of the National Small Business Association, to add the repeal of the 2.3 percent medical device excise tax to your list of legislative priorities that should be passed this year.

The U.S. is the global leader in medical technology and medical device development, one of the few major industries that both boasts a net trade surplus and is a job-creator. The sector employs 400,000 Americans directly and is indirectly responsible for almost 2 million more that supply and support the highly-skilled workforce. Since its implementation in 2013, this excise tax—now estimated to collect approximately \$25 billion in revenue over the next decade—is adversely impacting patient care and innovation, and will continue to compromise patient access to cutting edge medical technologies.

The 2.3 percent excise tax is levied on all types of medical devices, from heart stents and pacemakers to MRIs and ultrasounds. Because the tax is on revenue—not profit—a small company that is not yet profitable would bear the biggest brunt. This tax has hit medical device companies especially hard in states that are leading the way in medical innovation; states like Pennsylvania, Minnesota, California, New York, and Massachusetts.

The tax is already having an adverse impact on research and development investment and job creation, jeopardizing the U.S. position as a global leader in medical device innovation. If this tax is not repealed, it will continue to force affected companies to cut manufacturing operations, reduce their research and development spending, and will cost American jobs in order to recoup the lost earnings due to the tax. It will also adversely impact patient access to new and innovative medical technologies.

The Senate and House have both previously passed repeal legislation with strong bipartisan support and I urge you to include the repeal of the medical device tax on your list of priorities for the remainder of the session. NSBA supports innovation and jobs and continues to advocate for ensuring that the next great medical breakthrough is developed here in the U.S., not imported from abroad.

Sincerely,

A handwritten signature in black ink that reads "Todd McCracken". The signature is stylized and includes a long horizontal line extending to the right.

Todd McCracken
President & CEO
Cc: Senator Orrin Hatch