The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, DC 20515

Dear Speaker Pelosi,

As members of the California Congressional Delegation, we write to urge you to include a full repeal of the medical device tax in legislative vehicles being considered by the House before the end of the year. Repeal of the medical device tax is critical to the health and sustainability of this vital American manufacturing industry. This looming tax increase will disproportionately impact California-based medical technology innovation and job creation, threatening this industry, the constituent-employees we serve, and all Americans who stand to benefit from medical technology.

The industry is primarily comprised of small businesses – in fact, approximately 80% of medical device innovators employ fewer than 50 employees. California is home to 1,848 medical device firms employing over 81,089 people – more firms and employees than any other state in the nation and representing 19.06% of the nation’s med tech workforce – making the impact of the tax on our state particularly burdensome.

The medical device industry needs certainty to continue its research and investment in critical life-saving innovations. The 2.3% tax on revenue, rather than income, deters innovation, company formation, and economic growth. As companies plan their budgets for the future, they must move forward with decisions assuming this tax will eventually upend their balance sheets at some point in the future. The effects of this uncertainty hurt our constituents who are employed by these companies and the millions of Americans who rely on their life-saving medical innovations.

The House has spoken on this issue, making clear its support for full repeal of the tax. In July 2018, the House of Representatives overwhelmingly passed H.R.184, the Protect Medical Innovation Act of 2017, which would have permanently repealed the device tax, with broad bipartisan support. Full repeal of the device tax would mean that the medical technology industry can continue innovating new approaches to managing chronic health issues and developing technologies that could revolutionize the way we treat disease and illness in this country.
Given that the tax is set to return January 1, 2020, we urge you to act with all urgency before the end of this year to permanently repeal the device tax.

Sincerely,

Tom McClintock
Devin Nunes
Doug LaMalfa
Ken Calvert
Duncan Hunter
Paul Cook