



September 25, 2009

The Honorable Max Baucus, Chairman
Senate Finance Committee
219 Dirksen
Washington, D.C. 20510-6200

Dear Chairman Baucus,

We write to express our deep concern about the annual tax on medical device manufacturers included in your proposal for health reform, *America's Healthy Future Act of 2009*. As Representatives of the State of California, we are extremely concerned that this tax would harm our state's economy, impede innovation, and ultimately deny access to life-saving medical devices for patients.


Medical technology companies employ more than 112,000 workers in our state, many of them in firms with less than 100 employees. The medical technology sector offers high-paying jobs to not just Californians but thousands of Americans across the country. So many American jobs have been shifted overseas and this proposal could very well be a job killer. These jobs are tied heavily to research and development, helping to keep the United States at the forefront of innovation.

Your bill would assess taxes on all manufacturers at a rate necessary to generate \$4 billion annually, over ten years. This amount exceeds the total \$3.7 billion in venture capital funding raised by the medical technology sector and is roughly half of the \$9.6 billion in total R&D investment by the sector in 2007.

We agree that health reform is needed and should be paid for, but this proposal threatens to crush the very industry that could save billions of dollars in the healthcare system. This \$40 billion tax would hamper R&D investment, slow innovation, and cut jobs at a time when unemployment in California is 12.2%. We cannot afford these losses.

We appreciate your consideration on this issue and look forward to your response.

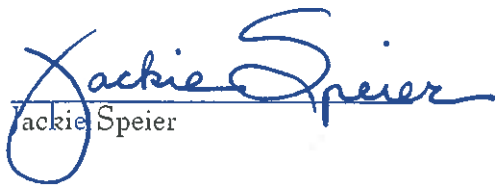
Sincerely,

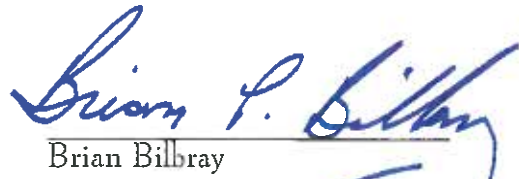

Anna G. Eshoo


Kevin McCarthy

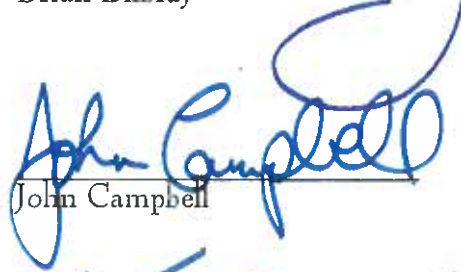

Sam Farr


Mary Bond Mack


Jackie Speier


Brian Bilbray


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John Campbell


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Ken Calvert


Mike Honda


Darrell Issa


Susan Davis


Ed Royce


Devin Nunes


Jerry Lewis


Jerry McNerney


Brad Sherman


Loretta Sanchez


Adam Schiff

cc: Senator Dianne Feinstein
Senator Barbara Boxer