



STATE OF SOUTH DAKOTA
DENNIS DAUGAARD, GOVERNOR

June 7, 2012

Speaker John Boehner
H-232 U.S. Capitol
Washington, D.C. 20515
Fax: 202.225.5117

Majority Leader Harry Reid
22 Hart Senate Office Building
Washington, D.C. 20510
Fax: 202.224.7327

Minority Leader Nancy Pelosi
H-204, U.S. Capitol
Washington, D.C. 20510
Fax: 202.225.8259

Minority Leader Mitch McConnell
317 Russell Senate Office Building
Washington, D.C. 20515
Fax: 202.224.2499

Re: Excise Tax on Medical Devices

Dear Speaker Boehner, Leader Reid, Leader Pelosi, and Leader McConnell,

I write to express my concern over the impact of the 2.3 percent excise tax on medical devices that begins in 2013. As a Governor of a state with a significant concentration of medical technology manufacturers, I believe this tax could harm U.S. Global competitiveness, stunt medical innovation, and result in the loss of many good paying jobs.

As you know, America is the global leader in the medical technology, one of our only manufacturing sectors in which the U.S. is a net exporter. The United States annually exports \$5.4 billion more medical technology than we import, and accounts for 40 percent of the global medical technology market. However, our lead has shrunk dramatically in the last decade, and we stand to lose further ground.

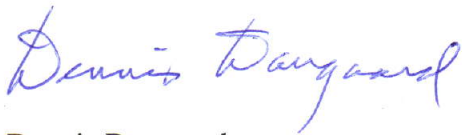
We all agree, overall tax reform is long overdue. The United States has not undertaken major business tax reform since 1986. The world's economy has changed, but our tax system has not.

The medical device tax is an example of a policy that runs counter to the efforts to make American manufacturing industries more competitive. In fact, the tax will make our tax system even more uncompetitive. Worse still, it is already causing layoffs as companies prepare to absorb its impact.

Speaker Boehner, Leader Reid, Leader Pelosi, and Leader McConnell
June 7, 2012
Page 2

At a critical time for the U.S. Economy and the economies of our states, the new tax is counter to principles of economic growth and job creation. We urge you to consider legislation that would repeal the medical device excise tax before it takes effect.

Sincerely,



Dennis Daugaard

DD:nn

cc: Senator Tim Johnson
Senator John Thune
Representative Kristi Noem

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