

April 15, 2024

The Honorable Charles E. Schumer
Majority Leader
United States Senate
Washington, D.C. 20510

Dear Majority Leader Schumer:

I am writing on behalf of AdvaMed, the medtech association, representing more than 450 medical technology companies. We noted your Dear Colleague letter outlining legislative priorities for the remainder of the year. If Congress considers a tax package, we urge the inclusion of a provision allowing companies to deduct their research and development expenses in the year the expense was incurred. We appreciate all you are doing to fulfill many policy priorities in the months ahead.

Research and development is critical to the development of innovative medical technologies. It represents a major, necessary expense for companies to develop novel, safe, and effective products to serve patients. Wherever appropriate, the tax code should promote investment in researching and developing the next generation of treatments for patients.

Prior to 2022, the tax code recognized the importance of U.S. innovation by allowing medical technology and other industries to deduct their R&D expenses in the year they were incurred. In January 2022, the policy changed, requiring a deduction over five years, making it harder for companies to make critical investments in developing the latest medtech. This change imposes a significant, potentially devastating one-time tax burden on research-intensive start-up companies, many of whose primary source of revenue is federal grant funding in pre-commercial stages of product development.

AdvaMed is the largest trade association representing medical technology companies, including a wide range of startup and early-stage companies developing the next generation of medical innovation for patient care. These small companies are particularly harmed by the change in the tax treatment of R&D expenses. Ultimately, patients suffer if medtech development stalls.

Medtech also offers tremendous value to our local, state, and national economies. Encouraging innovation at small companies is critical to preserving the United



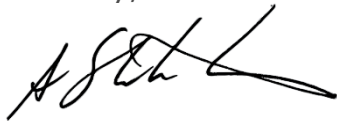
States as the world leader in developing new and innovative medtech. In 2019, the industry had a total of \$148.7 billion in sales, shipments and revenues. Medtech provided a \$97.1 billion economic value-add to the American economy by employing 397,349 people and paying employees 49 percent higher than other industries.

With your leadership on the passage of the CHIPS and Science Act in 2022, Congress recognized the critical importance of increased investment in science and technology. Unfortunately, any of these long-term investments could be diluted if the tax code does not recognize the importance of R&D.

AdvaMed and our member companies appreciate all you are doing to advance these priorities and strongly support your efforts, and we welcome the opportunity to discuss this with you or your staff further.

Thank you for your consideration.

Sincerely,



Scott Whitaker

