



STATE OF INDIANA
OFFICE OF THE GOVERNOR
State House, Second Floor
Indianapolis, Indiana 46204

Michael R. Pence
Governor

January 14, 2015

The Honorable John Boehner
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20510

Dear Speaker Boehner and Majority Leader McConnell:

Shortly after the election last fall, you wrote in the Wall Street Journal that addressing the “insanely complex tax code” will be a priority for Congress. I applaud you for being willing to take on this task, and I write today to encourage you, as part of your efforts, to include reform of the corporate tax code and repeal of the medical device tax.

Last year, I signed legislation that will reduce Indiana’s state corporate tax rate to 4.9% by 2022, making our rate one of the lowest corporate tax rates in the nation. Our team is working tirelessly to create the kind of economic and workforce conditions that will enable Indiana employers to create additional high-wage jobs, and we have had some success in this regard. Indiana led the nation in manufacturing job growth in 2014 with 24,900 new manufacturing jobs, and last November Indiana added 15,800 private sector jobs, ranking as the 6th largest growth rate in the nation.

Our economic success and ability to grow jobs, however, is significantly impacted by policies at the federal level. Indiana cannot compete for investments with other states if companies will not even consider locating in any of our United States due to the federal corporate tax rate. Reducing the corporate tax rate will allow states to compete more effectively on the world stage and encourage the kind of job growth we hope to see for all Americans.

Similarly, the 2.3% excise tax on medical devices that was originally passed as part of the Affordable Care Act has had a negative impact on jobs and the economy since it went into effect on January 1, 2013. I encourage you to pass legislation that will repeal the medical device tax entirely.

Indiana, in particular is greatly impacted by the medical device tax. Indiana is second in the nation, behind California, in exports of life sciences products at a value of more than \$9.7 billion. In total, the life sciences industry provides a \$55 billion impact to our state’s economy. Life sciences companies employ more than 55,000 Hoosiers, with 20,000 of them in medical device-related jobs. These are jobs that have grown in the

Speaker John Boehner, Majority Leader Mitch McConnell
January 14, 2015
Page 2

state in recent years. Between 2002 and 2009, Indiana added 5,600 medical device sector jobs.

Medical device companies pay 56 percent more than the average wage in Indiana. And 53 percent of jobs in the medical device industry do not require a college degree, making these jobs both good-paying and accessible to a wide range of Hoosiers. This also means that the medical device tax hurts a wide range of working Hoosiers.

I have heard from many Indiana-based medical device companies that have reduced research and development at their facilities or reduced wages for their employees. Companies have put expansion plans on hold and decided to move manufacturing for some product lines outside of the country.

Medical device entrepreneurs should be allowed to innovate and grow without facing an industry specific tax. Repeal of the medical device tax will let these companies expand and grow jobs in Indiana and across the country. It is the right thing to do, and I hope the Congress will be able to move forward with repeal legislation early this year.

Thank you for your consideration and your service in the Congress and to our nation.

Sincerely,

A handwritten signature in black ink that reads "Michael R. Pence". The signature is written in a cursive, flowing style.

Michael R. Pence
Governor of Indiana

cc: The Honorable Orrin Hatch, U.S. Senate
The Honorable Paul Ryan, U.S. House of Representatives
Members of the Indiana Congressional Delegation