

of every single American hostage, as well. We cannot let that happen. It is the most ridiculous thing. To have that held hostage for political gain, for political ideological purposes, is simply unacceptable.

Mr. Speaker, on behalf of the Congressional Progressive Caucus, I urge my fellow colleagues in the House to abandon this plan to hold hostage the American full faith and credit, the American creditworthiness, and the American economy on the basis that it's a good way to extract political concessions for what the ideologues in this House are after.

Mr. Speaker, instead of working together to do our jobs and resolve these critical issues, the majority are staking out a decidedly different approach from working together. In fact, Speaker BOEHNER has indicated that he is gearing up for "a whale of a fight" to push the interests of the majority's right flank ahead of the needs of the American people. In fact, Mr. BOEHNER has been vocal about his plans to use the need to raise that debt limit to call for cuts to the programs that we've been discussing, the programs that help American families. As Speaker BOEHNER said, "I'll say this: It may be unfair, but what I'm trying to do here is to leverage the political process."

Mr. Speaker, on behalf of the Congressional Progressive Caucus, I say, no, don't do that. Don't do that. Back off of that extreme approach. Back off of that dangerous approach. Holding hostage the entire American Government and holding hostage the American interest rate and economy doesn't make sense. Let's work together and figure out our problems in a responsible, reasonable, and a measured manner. We can do that. And on behalf of the Congressional Progressive Caucus, I say we must do that.

Mr. Speaker, I yield back the balance of my time.

THE MEDICAL DEVICE INDUSTRY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2013, the gentleman from Minnesota (Mr. PAULSEN) is recognized for 60 minutes as the designee of the majority leader.

Mr. PAULSEN. Mr. Speaker, tonight we'd like to spend some time talking about an issue that I think has bipartisan support and what the American people will want to pay a little bit of attention to. I am actually going to talk a little bit about the medical device industry. Mr. Speaker, I'm a passionate advocate for this industry.

Coming from the State of Minnesota, we have some giant titans in this industry. Many of the folks out in this country may know the names of Medtronic, Boston Scientific, and St. Jude, but I'll tell you there are also 400 medical device companies in Minnesota that are small. These are companies you have never heard of, but many of which I've had the opportunity to tour

and visit. They're all about entrepreneurship, innovation, improving lives, and saving lives.

Tonight we have a handful of Members who really want to devote some time talking about a challenge that has risen up against this industry, and that's the new medical device tax. It was part of the health care law. It just started being implemented in January. This is an excise tax that might not sound like a lot at 2.3 percent. This is also a tax not on profit, but a tax on their revenue. We'll get into a little more detail about why that is so dangerous to this industry and why it has become so much more challenging in just a little bit.

I will say this, though: of the 400 companies that are in Minnesota, about 200 of them alone are in my district, the Third District of Minnesota. So it's easy for me to be a passionate advocate. Many people think of Minnesota as just being the Land of 10,000 Lakes, but it's more than that. And there's no doubt that the innovative spirit that is alive in Minnesota is actually alive across the country in many States, and you're going to hear from some Members that represent some of those States that are being impacted very negatively from this new tax. It's a \$30 billion tax that is being collected. That's a significant amount of money.

What does that mean? It essentially means less research and development. It means less innovation. In the end, that means less opportunity for American patients to access new breakthrough technologies. I would argue that many of us would also say that that means it is also going to result in less access to health care and then lowering health care costs, because technology has the great ability to lower health care costs. There are many statistics that actually show that in the last 20 years, the medical device and technology industry has been responsible for a 4 percent increase in U.S. life expectancy, a 16 percent decrease in mortality rates, and an astounding 25 percent decline in elderly disability rates.

□ 2045

So medical devices that help to slash the death rate from heart disease by a stunning 50 percent and cut the death rate from stroke by 30 percent.

Mr. Speaker, there are a lot of issues where Republicans and Democrats don't necessarily see eye to eye, but I think we can all agree on this: the single worst thing we can do in America is to crush our inventive spirit, and that is exactly what this new medical device tax does and is doing.

We've got some bipartisan support. I first want to thank Congressman RON KIND, my colleague from Wisconsin, for being the lead author and for helping build up the 260 coauthors to repeal this dangerous tax.

And I'm going to yield right now to my colleague from Utah, who also is

going to share some thoughts and a perspective on this tax. He has been a great leader tonight in gathering up some folks to come and testify and talk on the floor. I want to thank him and his staff for encouraging his colleagues to come out and speak tonight. He has been a strong leader and a great partner in this repeal effort. So I would like to yield to my friend and colleague, Mr. MATHESON.

Mr. MATHESON. I appreciate my friend and colleague, Mr. PAULSEN, for organizing this.

I think at the outset what should be noted most is, after the House finishes its regular business of the day, we hold these opportunities for people to take 60 minutes to talk about a particular issue; and, generally, these 60 minutes are divided up where one party has an hour and then the other party has an hour. And I just think that it's really important to note that here we are talking about an issue, and it's people from both parties getting together.

Everywhere I go, I hear about people wanting folks in Congress to work together; and here we have an issue where we've got, as Mr. PAULSEN said, 260 cosponsors. A majority of the House of Representatives is already on the legislation to repeal the medical device tax. So I applaud his leadership in working in a constructive way and building a coalition around this issue. And I'm going to take some time a little bit later to continue talking about this issue.

But if I could just for the moment, I would like to recognize my colleague Mr. PETERS from California for some comments on the medical device tax.

Mr. PETERS. Mr. Speaker, I rise today with many of my colleagues to urge the full and immediate repeal of the medical device tax provision in the Affordable Care Act. As we speak, there are thousands of companies nationwide that are working to develop new technologies that will transform the face of medical care.

My district in San Diego, California, is home to numerous medical device manufacturers, innovating each day to improve the standard of care, reduce recuperation time for patients, and lower health care costs in the long term. There are small businesses and large companies generating an increasingly large economic impact in local communities like mine across the country.

I will use a few examples from my district, and I will feel bad because someone will tell me that I have missed some. NuVasive has developed minimally invasive spinal surgeries that allow a patient to walk more quickly post-surgery, spend less time in the hospital, and return to work sooner. That's better care, and that's money saved. CareFusion creates devices to improve patient care in hospitals, which minimizes mistakes and saves money. ResMed creates unique sleep apnea masks that improve patient health and productivity and reduces the incidence of other diseases

associated with poor sleep. And Volcano created a new system which allowed physicians to get images inside arteries in a less invasive and more accurate way, giving a better picture of diseased arteries and how to treat them. All of these technologies will improve patient health and save health care costs, and they are vital job creators.

Nearly 250 medical device companies call my region home. Between San Diego, Orange, Riverside, and Imperial Counties, the medical device and diagnostics industry generated nearly \$10 billion in economic activity last year. According to BIOCUM, our local life sciences trade organization, medical device companies in the San Diego area employ nearly 10,000 people and create more than \$3 billion worth of economic activity in the county. That money has flowed into our local communities and further supports tens of thousands of other good jobs with good pay and good benefits.

In my party, we talk a lot about Make It in America, which is a great initiative. And there's no better way to make it in America than to support the development and manufacturing of medical devices.

So how are we supporting the development of this industry? Well, we aren't. We're punishing it. Instead of incentivizing or supporting this growing and productive industry, we are assessing a special tax just against this very industry, just against the medical device industry. And it's not a tax on profits, but a tax on revenues. So that makes it especially hard on early-stage innovators who are not yet making money. And can you imagine when you are getting started and every time you make a sale, you lose more money because of a tax directed at your revenues instead of your profits? And that's a result of the medical device tax.

This tax, added to the long lag we have in the FDA consideration and approval of medical devices, will drive jobs offshore. And that's not my guess. It's already happening.

Recently Cyberronics in Texas cited the medical device tax in its decision to expand not in Texas, not in America, but in Costa Rica. And San Diego businesses, I can tell you, today are actively making the same consideration: Can we make it here, or do we have to move offshore? Do we have to move these jobs offshore and this innovation offshore?

It's time to come to our senses, Mr. Speaker. The examples of technological innovation abound in San Diego and across the country, and we just can't punish our industries at the same time other countries are providing incentives—faster approval times—and not taxing this industry in particular, not singling it out with this kind of economic punishment.

So let's eliminate this tax. Let's support our innovators. And let's keep our American jobs. And I ask that we repeal this tax.

And I, again, thank the gentleman from Minnesota for setting this up and for helping to lead this bipartisan effort to keep our American jobs here and to keep innovation on our shores.

Mr. PAULSEN. I thank the gentleman. I know the gentleman's comments reflect the interest for all of us to make things in America. And how many times have we heard where we want to make sure that we are able to make things in this country, and this is a clear example where an American success story can continue and should continue. But we're punishing this industry, and we have an opportunity to repeal this tax.

Mr. Speaker, I want to take just a second to introduce a new leader, someone who wants to speak briefly on this issue, Mr. MULLIN from Oklahoma, who is a small businessperson who understands the value of entrepreneurship and would like to offer a few comments. I yield to the gentleman from Oklahoma.

Mr. MULLIN. Thank you for this opportunity to rise up in opposition against this horrible tax. You know, this is an opportunity we have to work with our colleagues on the other side of the aisle; and these days it doesn't seem like that happens too often. But I do rise today in support of repealing the medical device tax put in effect by ObamaCare.

We've seen time and time again how this mandate is wreaking havoc on individuals and businesses' security and pocketbooks. Yet here we are again talking about how this law will cost taxpayers their jobs and hard-earned money. Dentists throughout my district have voiced their concerns with this tax and how the burden is going to choke their productivity.

I recently polled my constituents throughout my district on whether ObamaCare had driven up the costs of health care in their communities. And an overwhelming 86 percent said "yes."

America can't afford another \$30 billion tax bill and 43,000 jobs lost. We must continue to work tirelessly to put America back in business, and I believe repealing the medical device tax definitely puts us in that direction. So it is with great pleasure that I get to stand up and work with my colleagues on the other side of the aisle. Thank you so much for working with us on this, and thank you for giving me the time to speak out.

Mr. MATHESON. Mr. Speaker, I appreciate the comments of the gentleman, once again emphasizing the fact that this is one of those where we can agree in a consensus way across party lines. And I hope we can get this legislation to repeal this tax up for a vote soon.

At this time, I would like to recognize my colleague from New York (Mr. OWENS).

Mr. OWENS. Thank you, Mr. PAULSEN. Thank you, Mr. MATHESON. I appreciate the opportunity to speak tonight.

In my district, we have the opportunity to continue to support jobs that pay an average wage of \$46,500, which in my area is an extraordinarily high wage. It employs 19,645 folks and generates \$913 billion in wages. As we look around at what we are attempting to accomplish—and I would note, as many of the other speakers have, in a bipartisan fashion—it is to continue economic growth, to continue innovation, and to allow us to be globally competitive.

This tax is one of those items in the health care bill which clearly needs amendment. There are any number of areas where I concur that it needs amendment. Certainly, virtually every significant piece of legislation which we have passed in the last 100 years has required amendment and modification. That is simply the reality that we all live with. Any of my business friends who embark on a new product development adventure or a new marketing adventure will have to tweak it. They'll have to change it. They'll have to modify it. That is simply a fact of life.

I'm very pleased that this matter has been brought before Congress in a bipartisan fashion. In fact, at last count, there were 261 cosponsors, a sufficient number to bring this to the floor for a vote.

I would urge that this bill be moved. I think it's extremely important that we eliminate this tax. It will allow for, I know, growth in my district and I suspect growth in jobs in many other districts throughout the United States.

Again, I thank my colleagues for working in a bipartisan fashion, and I look forward to working with them in many other ways to improve the welfare and job opportunities for all Americans.

Mr. PAULSEN. I want to thank the gentleman for his comments.

It's clearly an example where now we have across this country States that are impacted by this new device tax. But it does show how this is an industry that is an American success story. It covers all sections of the country, from the Midwest to the west coast to the east coast. And I think the share in part of that view too is someone who is a new leader in Congress as well as in the medical technology industry in California, without a doubt, generates \$60 billion for that State's economy. It's huge. Significantly more than any other State, even more than my home State of Minnesota.

So the 21st Congressional District is represented by Mr. VALADAO, and I yield to the gentleman.

Mr. VALADAO. Thank you.

The Patient Protection and Affordable Care Act, also known as ObamaCare, implemented numerous taxes on the American people. One such tax, a nearly \$30 billion medical device tax, took effect on January 1, 2013. This tax hurts American jobs and harms innovation in the marketplace.

As of this past July, the tax had already cost device manufacturers \$1 billion. For fiscal year 2014, which starts October 1, the device will cost manufacturers over \$2.5 billion. The additional cost burdens resulting from this tax will force manufacturers to reduce or freeze hiring or even eliminate current employees, putting over 43,000 American jobs at risk. That's why I co-sponsored the Protect American Innovation Act, which aims to repeal the excise taxes on medical devices.

This is a bipartisan bill with substantial support from both Democrats and Republicans. Both parties know that the medical device tax hurts patients' access to medical innovation and the competitiveness of this important sector for manufacturing and high-skilled jobs. As legislators, we need to be promoting American innovation and protecting American manufacturing, not stifling it.

Mr. MATHESON. Mr. PAULSEN, if it's okay, I would like to take one more opportunity to offer a few comments on this. I wanted to make sure my colleagues on this side had a chance to speak.

But I think there are a couple other points that ought to be made. This is an excise tax that's being assessed on an industry that is, by any imagination, one of these American success stories. This is an American-based industry where innovation and hard work have created this opportunity for great value for this generation. It's created great jobs, and it's also enhanced the quality of health care in this country for all of us. This is an industry we should embrace, we should be proud of. It's a poster child for American innovation.

And isn't it ironic that here in the policy world, we now have a policy put in place where we say, well, let's take this industry and let's apply a special tax to it. And when this was put in the ObamaCare bill, it wasn't put in for any particular policy reason associated with this industry. It was put in to raise revenue, pure and simple. It wasn't put in for any other reason.

□ 2100

Why would we single out this industry, to me it doesn't make sense. This is an industry that has a few very large companies in it and a number of smaller companies that are also across-the-board innovators.

And when you tax, as a couple of the previous speakers have said, not profits, but when you tax sales revenue, you know, if you're a start-up company, you don't have a profit.

Why would we put a 2.3 percent tax on the sales of a start-up company?

This, on so many levels, is rather disturbing, when you think about it. This is an industry that already faces some challenges in terms of the regulatory approval process through the Food and Drug Administration. This is an industry that we ought to be looking at to figure out ways to allow this industry

to work better, and instead, the Affordable Care Act created this additional tax.

Now, this tax started this year, in 2013. Already the industry, collectively, has paid over \$1 billion through July of this year. This is real money—real money.

And what we're doing is we're taking an industry that, as I said, was successful and we're saying—in some respects we're giving them an incentive to move offshore. That's not what we want. We want these jobs onshore.

By the way, we like them to sell their product offshore. That's another thing that hasn't been mentioned, about how powerful this industry is to the U.S. economy. This is a net exporting industry. This industry contributes in a positive way to our balance of payments with the rest of the world.

We've been running a trade deficit not because of the medical device industry. They've been part of the solution to that challenge of the trade deficit. And here in the public policy world, a tax has been assessed on that industry. It just doesn't make sense.

I just want to close by, once again, mentioning my admiration and appreciation for Mr. PAULSEN, who's been a leader on this issue. We've got the 260 cosponsors on this bill. We've got the votes to pass it.

The Senate earlier this year, during consideration of their budget resolution, in more of a symbolic vote, but on medical device tax had a bipartisan majority come together as well to suggest we should remove this tax.

For all the controversy that dominates Washington today, for all the partisan bickering, for all the polarization, and for all the gridlock, here we have an issue where we all agree it's the right thing to do.

I again thank my colleague for organizing this opportunity to talk about this issue tonight and, collectively, I hope we can encourage more momentum to bring this legislation up for a vote. Let's do the right thing for this economy, the right thing for the industry.

Mr. PAULSEN. I thank the gentleman. He made several important comments that we've heard from some of the other folks that represent districts across this country. And, in fact, he made the reference point that 261 coauthors of this bill—Mr. Speaker, we can pass this in the House at any time. There's no doubt we can do that at any time. We did it last year—actually, a year and a half ago—when we passed the repeal of this device tax, but it did get roadblocked in the Senate.

Seventy-nine Senators voting in favor of repealing this device tax as a part of their budget, a symbolic vote, as he mentioned, is nothing to scoff at. And that's something where I think we need to continue to put bipartisan pressure on our leadership, on the Senate leadership, to move that issue forward so we can do the right thing and see that this repeal happens before the end of this year.

I thank the gentleman for his leadership in that effort.

Mr. Speaker, I just want to now introduce someone who is from Indiana's Ninth Congressional District. He's been a real partner for repealing the device tax on the Ways and Means Committee. He's a pro-growth, economic advocate for creating jobs. And Indiana, as a State, I think, has about 20,000 medical device jobs, and this is near and dear, I think, to his heart as well.

So I, with great pleasure, have a chance to yield to the gentleman from Indiana (Mr. YOUNG).

Mr. YOUNG of Indiana. I thank the gentleman for his leadership on this issue, a bipartisan issue. And I am encouraged to see so many colleagues on both sides of the aisle be here with us this evening to speak out to encourage our leadership, to encourage our fellow Members to stay engaged on this.

In the end, this is about improving lives. This is about delivering innovation within one of our highest growth economic sectors so that lives can be changed in a very positive way.

And to bring this sort of down to Earth here, aside from the very important economic statistics that we'll be citing this evening related to jobs and economic growth and losses in revenue, aside from the stories that we're going to hear this evening about manufacturing facilities being moved overseas, plans to build them no longer in the Midwest in a place like Indiana, instead, Europe is a better place to do business, let's set all that aside just for a moment and talk about one individual. This young lady, her name is Sheila Fraser.

Now, Sheila is a Hoosier, and she testified at a field hearing on the device tax and its impact on the individuals who benefit from medical devices and on businesses. This field hearing was held in Indianapolis a couple of years back, and Mr. PAULSEN helped convene it, and we appreciated that.

But Sheila testified that, at age 10, she was diagnosed with bone cancer in her leg. She was an elite athlete for her age, playing gymnastics and track. And one day she just woke up facing the prospect of amputation, of all things, at age 10.

Biomet, a company out of Indiana, made a custom device for Sheila designed to expand as she grew and to replace the diseased bone while saving her leg.

Now, today, Sheila's much older. She leads a normal, active life. When we first met, she was a senior at Marian High School in Mishawaka, Indiana. Her courses were geared for college preparation. She received honors for a GPA of 3.5 or above. She's a member of the National Honor Society.

Now, Ms. Fraser, no doubt, has a bright future ahead of her. We have to wonder how differently her life might be were it not for the innovation that occurred at that Indiana medical device company.

Innovation in devices changes lives, thousands of lives every year across

this country. It's just—she's just one remarkable example of all the people that benefit from these devices.

And without this type of innovation, let's think about what Sheila's life would look like. Well, she'd be physically disabled. She'd face a future of sky-high health care costs. Who knows what sort of opportunities she wouldn't be able to seize as a result of the innovations that came out of Biomet, just one company.

Now, taxing companies that rely so much on research and development and are positively impacting so many lives, it makes absolutely no sense to me. And the only way I can make any measure of sense out of it is something that my good colleague from the other side of the aisle, Mr. MATHESON, said earlier.

This medical device surtax wasn't included in the Affordable Care Act, what the President calls ObamaCare, for any sort of policy reason. It was just put in to raise revenue. There was no real consideration when this bill was passed about how to make the bill sustainable from a fiscal standpoint. Instead, it was an insurance coverage bill, and they were going to figure out some of the financials later. And so this was one effort, I think, to mitigate the cost of the bill.

We've discovered that it's just incredibly costly in other ways, though, the opportunity costs that will be borne by people like Sheila Fraser if this innovation doesn't occur. So, for Sheila and for millions of Americans, tens of millions of people around the world that benefit from these devices, I think we owe it to them to repeal this medical device tax, a very bipartisan issue, a bicameral issue. My constituents are demanding it. The American people are increasingly demanding it across the country.

And so I just look forward to getting this done in conjunction with those here and others in this body.

Mr. PAULSEN. I look forward to continue working with you to repeal this device tax. And as you laid out so eloquently, I had a chance to come to Indiana, and I heard the same exact story from a young girl impacted and affected positively by the value of medical technology and medical innovation; and, unfortunately, now that's under threat for our own patients, providing that type of access.

Someone who's going to share a little bit more, having a personal reflection and a personal story about that, is the gentleman from Kentucky's Sixth District, Mr. BARR, whose father recently is the beneficiary of medical innovation.

I yield to the gentleman from Kentucky (Mr. BARR).

Mr. BARR. I thank my friend, the gentleman from Minnesota, my friend, the gentleman from Indiana, and I want to compliment both of the gentlemen here and my friends on the other side of the aisle for their leadership, and, in particular, the gentleman from

Minnesota, who has been an absolute champion in advocating life-improving and lifesaving technologies that really stand a chance of declining as a sector of our economy and, more importantly, declining as an opportunity for Americans and people all around this world to achieve a better life, a better way of life, and to actually have an opportunity to live because of some of this lifesaving technology.

The medical technology industry impacts all of us all over this country. The medical device industry is in virtually every State. But it's in my home State, the Commonwealth of Kentucky as well. Kentucky has over 7,500 jobs in the medical technology industry.

The med-tech job multiplier factor in Kentucky guarantees that for every one job in the Commonwealth's medical technology sector, 1.8 additional jobs are created as a result. And these jobs are responsible for over \$364 million in total personal income and \$1.3 billion in annual output for Kentucky. According to the Battelle study, the medical device tax could cost Kentucky over 100 jobs in this high-paying, high-tech sector.

But as my friends have noted tonight, this is not just about jobs. It's not just about economic growth or free enterprise and the opportunities that these companies create for workers and for people. It's really about creating a quality of life for so many Kentucky families. This truly is a life-or-death decision.

There's a lot of reasons why I oppose ObamaCare, but tonight you're seeing something happen on ObamaCare that we haven't seen as much, and that is a huge bipartisan outpouring of opposition to this particular feature of ObamaCare, the medical device tax, a tax on the revenues of medical device manufacturers, not on the profits, but the revenues, a job-killing, innovation-destroying tax that absolutely should be repealed. And we should do it sooner rather than later.

But there's a human dimension to this. There's a reason why we should repeal this tax, and it is because it is going to compromise the quality of health care that Americans and people all over this planet receive because of the innovation of the medical technology sector.

This innovation has benefited my own family in a profound way recently, and it's benefited, actually, two members of my family. The gentleman from Minnesota was mentioning my father, and certainly my father is the beneficiary of a pacemaker. And it was just December 25 last year, Christmas Day, last year, I got a call from my mother, and she told me that my father had fainted. He had a fainting spell, and that obviously worried me and my wife. And so I picked up the phone and asked to speak to my father, and I did. And he was a little shaky, and I encouraged him to stop drinking the coffee and call us back if he needed anything.

About an hour later, again, Christmas morning—we were planning on going over to his home to see him later that day—I got another phone call, this time again from my mother. But this time it was from the emergency room, and it was very alarming. And she said, You need to get over here right away.

So I got in the car and sped over to the ER and walked in there, and I was greeted by the emergency room physician, and he said that my father was in a room getting an EKG. And I went over there and he showed me the tape of the EKG, and it showed his—basically, a flat line.

And I said, Well, what does that mean?

And he said, Andy, your father's heart is slowing down.

Now, that is a very grim report from an emergency room physician, I can tell you. And I know families all across this country experience difficult health care emergencies in their families as well.

But I asked the doctor, I said, Well, what are we going to do about this?

And he said, We're going to call in an electrophysiology expert, a cardiologist who's going to come in, and we are going to take a look at this.

The electrophysiology expert came in and he said, We've got good news. We can fix your father. We can put in a pacemaker in emergency surgery, and we really think we can fix this problem. Otherwise, he's in good health. It's just that he has an electrical problem with his cardiovascular system.

And so my father went into emergency surgery, got a pacemaker, a great new piece of technology put into his heart. And when he came out of surgery, the doctor checked everything and everything was great, and this pacemaker had saved my father's life.

Another story, my sister, Emily, 2 years older than me, she has suffered from juvenile rheumatoid arthritis for her entire life. And for those of you listening on TV tonight and those of you have loved ones, or if you suffer yourself from juvenile rheumatoid arthritis, you know what a disabling condition this can be.

□ 2115

It eats away at the joints. Emily is a brave person. She's a very faithful person, a very optimistic person. But she's gone through a lot. One of the things she's had to go through is hip replacement surgery and knee replacement surgery. And when anyone who is an athlete and gets hip replacements or joints replacements or suffers from arthritis and has to have these surgeries, you know that this is critical in order to become functional in your life.

Fortunately, through the innovation of medical devices, through the unbelievable entrepreneurial spirit, American medical device manufacturers have come up with prosthetic hips and joints and knees. And those innovations, those medical devices, were implanted in my sister's broken and disabled body, and she can walk because

of that. Because of that, she can walk. And hundreds and thousands and even millions of Americans can walk because of the unbelievable innovation of medical device manufacturers.

And this summer, my sister had to have a couple of hip revisions because it had been 15 years since her last hip replacement. So she had two surgeries and had hip revisions and new implants into her hips so that she could continue to function—disabled—but still function and do all the things she can do to serve her community and her family.

Mr. Speaker, I tell these stories not because my family is unique. There's families all around this country sitting at home tonight who can tell stories just like the stories I told tonight about my father and the pacemaker that saved his life or my sister and the prosthetic joints that she now has that help her in her daily life.

There are all kinds of stories like this. There's the story of Sheila that Congressman YOUNG was talking about in the Hoosier State of Indiana.

This has a human dimension to it. ObamaCare is bad policy for a lot of reasons, but on this particular reason we need to come together as a country. It was great to see friends on the other side of the aisle come and join us in the fight to repeal this job-killing medical device tax, which is really impairing the quality of life for so many Americans and has the potential to really suppress medical innovation that improves lives.

I'll just conclude by saying this: in a note of bipartisan optimism in a time of conflict and divided government in Washington, the truth be told, there's no such thing as a Republican heart attack or a Democrat heart attack. There's no such thing as Republican arthritis or Democratic arthritis.

The human condition is such that we face these challenges in our lives. And our loved ones and our families face these challenges in our life. So why on Earth would we support a policy in Washington, D.C., that limits the innovation that can better the human condition?

And so that's what I would say in conclusion, Mr. Speaker, my friends and colleagues here tonight. Let's repeal this medical device tax, let's help American families all around this country, and let's help the human condition to make sure that they have the opportunity for health and achieve their potential.

I appreciate the gentleman's leadership.

Mr. PAULSEN. I thank the gentleman for sharing the personal perspective of how medical innovation has helped his family members literally save lives, improve lives. Thousands and thousands and thousands of Americans have a friend or a family member that can share that exact same story. That is uniquely American, in many ways. And now we are exporting these devices around the world to make

health care better. Again, improve lives, saving lives.

Where did the medical device tax come from? That's what a lot of my constituents ask. Why in the world would we tax medical innovation, have a tax on innovation? When the health care law was being debated a few years ago, we needed to find revenue. Let's just do a \$40 billion tax on the medical device industry. They backed into the number 2.3 percent. We won't make it \$40 billion. We'll make it \$20 billion. Well, guess what, Mr. Speaker. It ended up being about \$30 billion now.

Despite all of our best efforts now, and bipartisan support on this floor, this tax is in effect. It is being collected. The first payments began being collected in January. Every 2 weeks they get collected—the same amount of time, by the way, that companies give payroll every 2 weeks. So what do company owners have to make the decision to do? Are they going to hire more workers? And they also look at the tax. And the bottom line is they're having to pay that tax every 2 weeks.

So close to \$2 billion, Mr. Speaker, has already been collected. It's a little bit like bleeding a patient every 2 weeks in the hopes of making them stronger. It just doesn't make sense.

Now the reality is now this medical technology industry in the United States faces one of the highest effective tax rates of any industry in the world because we've got a high corporate tax rate. That's another issue we're trying to solve with tax reform. But this new tax is killing jobs. Literally, about 10,000 layoffs have happened across the country, primarily because it's a tax on sales and revenue, not on profit.

The Federal Government usually, when they do an excise tax, they apply that type of a tax to "sin" goods. Think of alcohol or tobacco. You're trying to discourage consumption. Why would we want to discourage the consumption or the production or the innovation of new medical technologies? I find that quite ironic, actually.

This is about competitiveness, Mr. Speaker. Innovation is the key to providing cutting-edge, lifesaving technologies to patients.

I just want to share a couple more statistics. Between 1980 and 2000, new diagnostic and treatment tools increased life expectancy by more than 3 years. The new tax is hampering innovation and slows medical advancement at a time when our population is aging. We know the population is aging. An innovation can absolutely help reduce the burden of chronic diseases, which now represent more than 70 percent of all health care costs.

Mr. Speaker, the larger companies will cut back on their research and development. But as I mentioned earlier, a lot of small companies in my district and in Congressman YOUNG's district in Indiana, in particular—because I've had a chance to visit some of these companies in Indiana—80 percent of

these companies are small businesses. They've got 50 employees or less, Mr. Speaker. Many of these companies, when they start out, it takes 8 to 10 years to become profitable. They just don't see a profit in the first couple of years. They need to attract venture capital, they need to attract investors. They need to convince investors that it is worth the investment.

Many of these companies, by the way, are burning \$500,000 to \$1 million a month just to bring their product forward—go through the clinical trials, get approval from the FDA, and then have success in the market. That's a big challenge. It's 8 to 10 years to become profitable. Sometimes even longer. We've raised the hurdle now with the tax. We've raised the bar. We've made it that much tougher to become profitable.

So there are going to be fewer investors in these companies. There's going to be less of them. When you've got less small companies being developed, what does that mean? You're not going to have breakthrough technologies. You're not going to have in-the-garage inventions, in-the-backyard inventions.

By the way, a lot of larger medical device companies, through acquisition, look for these small companies. They look for the innovators. They acquire them. And it grows their operations larger. So that's a challenge as well, Mr. Speaker.

Mr. YOUNG, I remember when I was in Indiana with you—and we can share some more stories—but this is clearly something that is an ongoing frustration, I think, for investment in this industry.

Mr. YOUNG of Indiana. This hits very close to home. Because for every Zimmer or Biomet I visit in the State of Indiana, there have to be four or five small, fledgling businesses that aspire to become the next Zimmer or Biomet of the world. We're inhibiting, with this device tax, their future growth, their research efforts, and the lean years when they're just trying to get a product approved into market.

With entrepreneurship at a 15-year low, we need to be doing everything conceivable to incentivize people to start businesses, to grow jobs, to increase personal incomes, which is exactly what this medical device sector has done in recent years. But it's all in jeopardy as a result of this surtax.

I'm in the mood this evening to tell stories. So you have opened the door there, my good friend, Mr. PAULSEN of Minnesota. So let me share with you another story about innovation in this sector.

There was a young college student who dreamed one day of becoming a doctor. So he did very well in school and studied incredibly hard. When he graduated, the U.S. military came calling. He was brought into the service against his will—drafted—and served his time as a medical technician. He got married later and they had children and one thing led to another.

They ended up moving to my hometown of Bloomington, Indiana.

And so this once-aspiring doctor did what so many Americans decide to do: they didn't give up on their dreams. So he and his wife decided to try and make a difference in the area of medicine in their own little way. He started tinkering with some wire guides in a spare bedroom of their apartment in Bloomington. Eventually, this turned into a small business—a profitable business—and they were able to hire other people and move out of the spare bedroom.

In later years, this company would grow to become the largest privately-held medical device company in the world, the Cook Group, headquartered in Bloomington, Indiana. Its founder was Bill Cook and his wife, Gayle, who survives him.

They have created thousands of jobs not just in Bloomington but around the State of Indiana, all around the Midwest. And now they're creating them in Europe. They're creating them in Europe not because they want to. In fact, there were plans, I'm told, for a number of manufacturing facilities to be built in America's Midwest. But because of our regulatory burdens and, more importantly, this medical device surtax, the plans were changed and those manufacturing facilities are now going to be constructed and jobs created in Europe. Because that's a better place to do business when they look at their financials. They tried hard. They resisted making this decision. But their Federal Government pushed them in this direction.

There's still an opportunity to salvage so many jobs, to rescue this great American industry that's really in its early stages of development. We must repeal this medical device tax. This is a no-brainer, as my oldest child says. It's a bipartisan issue.

So I'm really encouraged to see Republicans and Democrats down here this evening trying to ensure that the next Cook Group can be created and the next Cook Group won't be strangled in the cradle during its early formative years when it's trying to get cash-flow positive.

I'm glad we're getting out the word tonight to the American people on this important issue.

Mr. PAULSEN. I thank the gentleman. I remember being in Indiana and also having a chance to talk to Cook Medical. A great success story, without a doubt. It's located right there in the heartland.

I do remember, though, their concerns of the looming tax that was on its way. They were pretty clear that, look, we've got the opportunity to build new factories, new innovative headquarter operations. We're not going to do it in the United States with this tax facing us right now. We're going to expand elsewhere.

Unfortunately, we've heard tonight how other companies in some districts have moved to Costa Rica. So we are

literally sending high-quality jobs offshore—jobs that should be here in the United States.

I remember touring Sunshine Heart in Eden Prairie, my hometown in Minnesota. I met with the CEO there. This is a very small and early-stage med-tech company. And many other med-tech companies that are small and in the early stage would be in the exact same category. He was pretty clear. The CEO said, The device tax has put all of our hiring on hold. So now Sunshine Heart officials have got to sit back and determine exactly how much it's going to affect their cash flow. It's all about cash flow as they try to achieve that profitability.

Mr. Speaker, we've got someone else who's joined us tonight who's a member of the Energy and Commerce Committee, which is a very important committee. It has oversight over the FDA. I know that Congressman GARDNER, who represents Colorado, a very innovative State, has been a champion for streamlining and modernizing the FDA.

Thank you for joining us tonight.

Mr. GARDNER. I thank the gentleman for his leadership, and the gentleman from Indiana for sharing his experience with the medical device industry in your great State.

I kind of wanted to spend some time walking through the experiences that I have had in Colorado when it comes to innovation in medical technology and some of the things that I've seen firsthand.

It was just a couple of weeks ago that I was able to go to a business in Colorado that had developed a technology to do surgery on people's spinal cords; to help insert a precision tool into the back.

□ 2130

It was almost like a ratchet that you would use in your garage, but obviously a very precise ratchet that you could develop to put into a person's spinal cord, and to tighten the bolt if they had a break, or something that needed to be fastened to save somebody's life, to put somebody's life back together for sure.

Mr. YOUNG of Indiana. One would hope it's precise.

Mr. GARDNER. It's precise. The neat thing about this technology was that you could actually view on the monitor as you're doing this surgery. You could view as the tool is inserted into the back. You could see where it was on the screen. And it immobilized the patient so that it would minimize the side effects. It minimized the risks of injury to the spinal cord.

I visited the business that had a cauterizing tool that they had spent a decade creating. This tool had an electric current running through it, so it would also be allowing a surgeon to cauterize tissue as they were able to perform life-saving surgery. But these tools cost millions of dollars to invent. They cost millions of dollars to research and

to develop. They cost millions of dollars to get into surgery rooms around the country to save life.

As we talk about innovation, as we talk about the need to create opportunities for businesses in Colorado, in Indiana, in Minnesota and around this country to grow, we talk about the need to keep that investment happening. But the company told me that over the 10-year course of their business, the medical device tax will run them somewhere in the tens of millions of dollars because of the gross tax nature of the medical device tax. When I asked what the device that we were looking at cost, they said tens of millions of dollars.

So take that tax, that money, that revenue that could go into investment, to creating the next life-saving technology, take that out of that business and you no longer have a life-saving technology because they didn't have the money available to develop that life-saving tool.

So what the medical device tax is doing is it's removing money from the private sector. It's removing their ability to invest money into innovative technologies that save lives.

As we talk about the future of the President's health care bill in this country, we talk about the need for quality care, to reduce the cost of care, to increase the quality of care. But it's not doing that through the device tax because it's penalizing innovative businesses for their success. It's taking away their opportunities to develop new technologies, to create that next cauterizing tool, the next spinal cord tool to build a better life for people.

So as we debate the health care bill, as we debate the future of health care legislation in this country, I hope that people will realize that we shouldn't penalize opportunities to create better tools in health care, that we shouldn't penalize success for innovation. And in a State like Colorado, in a State like ours—Indiana, and yours in Minnesota—I do hope that we can come together in a bipartisan fashion to repeal the medical device tax so that we can actually allow that money to be invested where it matters, and that's in saving lives.

So I thank my colleague from Minnesota for his tremendous leadership, and the gentleman from Indiana for your leadership in making sure that people understand it's not just about a tax, but it is indeed about the opportunity to invest in saving lives.

Mr. PAULSEN. Thank you very much for your leadership, as well, on the Energy and Commerce Committee and for understanding the value of keeping these life-saving and live-improving technologies alive and well.

In a State like Colorado—I know your heart goes out to some other challenges in Colorado right now with the flooding, etcetera, but I know that that innovative and entrepreneurial spirit will see Coloradans through that situation as well.

Mr. Speaker, I want to mention one other thing—and my colleague from the Ways and Means Committee, I think, can comment on this a little bit as well—but there's no doubt this is about less invasive technology. This is about keeping people out of the hospital. It's about keeping health care and lowering health care costs.

This is a very complicated tax. This is not just a simple tax. It's collected every 2 weeks; every single 2 weeks. So a \$30 billion tax, it's actually extremely challenging for companies to figure out how they're going to collect the tax. It's pretty onerous. So it's more complicated than a typical excise tax. It's regulated by the IRS—of course. The complexity and the difficulty in developing these regulations for the tax actually underscores that an excise tax—it's a very blunt and a very damaging instrument that is being applied to a highly innovative and dynamic industry, which you just talked about. And the compliance costs alone are very hard, as we've learned in the Ways and Means Committee.

Mr. YOUNG of Indiana. They are, indeed. And the numbers add up quickly. Right now, you indicated we're looking at a semi-monthly payment of this tax by our device companies. Roughly \$100 million is due to the Internal Revenue Service semi-monthly as a result of this tax. And those numbers add up quickly.

So far in fiscal year 2013, the taxes already cost device manufacturers nearly \$2 billion, and next year is looking even worse. Next fiscal year, starting October 1, the device tax is projected to cost manufacturers over \$2.5 billion. So, once again, these taxes are not just being paid by the large companies; they're being paid by companies that are drawing on all their financial wherewithal—all the venture capital they can find, all their personal savings, all the community bank loans they may be able to get during these rough times. Those monies are being used to, with a threadbare budget, to research and develop these technologies into something that can finally make their way to the market. And all the while Uncle Sam is taxing away any profits they might be realizing on another product that may already be at market.

So this is absolutely something that is a disincentive to innovation. It undermines job creation at a time that all politicians are talking about creating jobs and saving the middle class. These are good-paying jobs. Manufacturing jobs, which you started off talking about, we need to be creating more manufacturing jobs here in the United States. So these pay better than your median or your average wage in a given State.

This is why we have 79 supporters in the United States Senate, Republican and Democrat—and I think perhaps an independent in there, one never knows, that might favor repealing this device tax. Here in the House, we have 260 co-

sponsors for repealing the device tax, Republican and Democrat. So let's get it done.

Mr. PAULSEN. I thank the gentleman.

I have to share a story as well because this is about high-valued manufacturing without a doubt. There was a story, an editorial in the Detroit News just the other day. It essentially highlights a successful Michigan business, Fortune 500 company, Stryker. It's based in Kalamazoo. They were pretty clear, talking about how the new 2.3 percent medical device tax will cost the company \$100 million this year alone. That's going to reduce its research and development budget by about 20 percent, which is the equivalent of the loss of 1,000 workers, Mr. Speaker.

We can't afford to be talking about laying off thousands more people when the economy is struggling as it is. We should be flying at 30,000 feet after we came out of the recession, and we're bumping along at 10,000 feet. There's a lot of reasons for that, but the medical device tax is really crippling an industry that could help lead the way out of that recession as well.

Mr. Speaker, I just want to mention one other thing that I think is important as well, that is, that as my colleague mentioned, we know 79 Senators support repealing this device tax. The challenge is with the Senate leadership. We need these rank-and-file Members to pressure the Senate leadership to also bring this up for a vote. We can do this in the House at any time. We will likely be doing that sometime this fall as a part of the other budget negotiations and discussions, but we've got to make sure that our bipartisan efforts continue to pressure our leadership to act on this and convince the White House that this is a top priority.

My colleague would agree, I would assume.

Mr. YOUNG of Indiana. I would absolutely agree. And I throw another wrinkle into this conversation.

We need to be identifying ways to control health care costs. Whatever one thinks of the Patient Protection and Affordable Care Act—as the President's health care law is known—we are not here to discuss the larger law. But to the extent we figure out or can incorporate into our policies cost-saving measures that still maintain the quality of care that Americans have grown to expect from our medical system, that allows us to reduce the burden of taxation.

So I think those who are enamored of this law need to reflect on this litany of different taxes that have been put into place in order to pay for it—many of them, I believe, unwise. But this one is particularly unwise; that's why we have so much bipartisan support behind its repeal.

Mr. PAULSEN. I just want to thank the gentleman for joining us tonight, and all of our colleagues for taking the time to express our frustration, but our

optimism that we can repeal this tax because it's about protecting economic growth, it's about protecting innovation, and it's about protecting global competitiveness.

Mr. Speaker, I yield back the balance of my time.

ADJOURNMENT

Mr. PAULSEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 9 o'clock and 40 minutes p.m.), the House adjourned until tomorrow, Friday, September 20, 2013, at 9 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XIV, executive communications were taken from the Speaker's table and referred as follows:

3022. A letter from the Director, Regulatory Management Division, Environmental Protection Agency, transmitting the Agency's final rule — Air Quality: Revision to Definition of Volatile Organic Compounds — Exclusion of trans 1-chloro-3,3,3-trifluoroprop-1-ene [Solstice TM 1233zd(E)] [EPA-HQ-OAR-2012-0393; FRL-9844-3] (RIN: 2060-AR67) received August 26, 2013, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

3023. A letter from the Director, Regulatory Management Division, Environmental Protection Agency, transmitting the Agency's final rule — Approval and Promulgation of Air Quality Implementation Plans; Indiana; Maintenance Plan Update for Lake County, Indiana for Sulfur Dioxide [EPA-R05-OAR-2013-0377; FRL-9900-51-Region 5] received August 26, 2013, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

3024. A letter from the Director, Regulatory Management Division, Environmental Protection Agency, transmitting the Agency's final rule — Approval and Promulgation of Air Quality Implementation Plans; Michigan; Redesignation of the Detroit-Ann Arbor Area to Attainment of the 1997 Annual Standard and the 2006 24-Hour Standard for Fine Particulate Matter [EPA-R05-OAR-2011-0673; FRL-9900-49-Region 5] received August 26, 2013, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

3025. A letter from the Director, Regulatory Management Division, Environmental Protection Agency, transmitting the Agency's final rule — Approval and Promulgation of Air Quality Implementation Plans; State of Florida; Regional Haze State Implementation Plan [EPA-R04-OAR-2010-0935; FRL-9900-31-Region 4] received August 26, 2013, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

3026. A letter from the Director, Regulatory Management Division, Environmental Protection Agency, transmitting the Agency's final rule — Approval and Promulgation of Air Quality Implementation Plans; State of New Jersey; Redesignation of Areas for Air Quality Planning Purposes and Approval of the Associated Maintenance Plan [Docket No.: EPA-R02-OAR-2012-0889; FRL-9900-33-Region 2] received August 26, 2013, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

3027. A letter from the Director, Regulatory Management Division, Environmental Protection Agency, transmitting the Agency's final rule — Approval and Promulgation