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Home - > [Regulatory and Compliance](#) - > Medical Device Tax in Jeopardy After Senate Votes to Repeal

## Medical Device Tax in Jeopardy After Senate Votes to Repeal

Posted in [Regulatory and Compliance](#) by Chris Wiltz on March 22, 2013

**The U.S. Senate voted to an overwhelming 79-20 tally to repeal the medical device tax, supporting the Medical Device Access and Innovation Protection Act, a budget amendment proposed to repeal the tax.**

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Late Thursday night the Senate voted to an overwhelming 79-20 tally to repeal the medical device tax. The vote included 33 Democrats who voted alongside Republicans and could be a symbolic strike against the 2.3% tax following a 2012 bipartisan vote, 270-146, in the House.

"Today's overwhelming support of the amendment shows that clear majorities in the Senate and the House of Representatives recognize that the medical device tax needs to be repealed so that America's medical technology community can spur growth and create the great jobs that come along with it," said Mark Leahey, President and CEO of MDMA.



Senators Orrin Hatch (R., Utah) and Amy Klobuchar (D-MN) introduced the bipartisan Medical Device Access and Innovation Protection Act, an amendment with support from 21 bipartisan Senators that would eliminate the Senate Budget Resolution to repeal the tax. "Bipartisan majorities in both the House and Senate have now voted to repeal the device tax. The reasons behind mounting support to repeal the tax are clear: Across the country, this tax is cutting high-quality jobs and investments in tomorrow's treatments and cures at companies large and small. We encourage leaders in Congress and the Administration to seize on this momentum and act to repeal this harmful tax," said Stephen J. Ubl, president and CEO of Advamed.

While this is certainly a definitive blow, a full repeal of the tax could still be an uphill battle. Opponents of the repeal will likely cite the \$30 billion that the tax is estimated to raise over the next 10 years as a key reason for maintaining it. "Work still needs to be done, as the vote for repeal of the tax was non-binding," said Cook Group Chairman Steve Ferguson. "This tax on gross sales threatens regional economic vitality, badly needed jobs, and patients' hopes for new, life-saving products and treatments."

Yet in the current economy it always comes down to jobs and it may ultimately be employment numbers, over any potential funds, that sway legislators. "Thousands of lay-offs in the U.S. have already occurred because of this tax," Ferguson said. According to Advamed, with the implementation of the medical device tax, manufacturers have already paid an estimated \$388,000,000 to the Internal Revenue Service (IRS) so far this year, reallocating funds that could otherwise be directed towards investment in job creation and research and development.

-[Chris Wiltz](#) is the Associate Editor of *MD+DI*

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### A glimmer of hope

Submitted by [ori.epstein](#) on March 23, 2013 - 10:30pm.

This is a good sign but I wouldn't be too optimistic. President Obama will almost certainly veto any repeal bill that hits his desk.

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### One might want to clearly

Submitted by [will](#) on March 23, 2013 - 8:53am.

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One might want to clearly remember that this vote was non-binding, and has no immediate consequence. (As was the case for all of the budget shenanigans in the Senate Thursday and Friday.) Further the "repeal" explicitly carried a provision fully within it that the 20-30 billion revenue would have to be replaced by an as yet un-named alternative source of revenue.

This is more shadow-boxing than a "significant blow".

On a related note, in the House hearing on medical apps one Congressman decried the fact that the 2.3% on retail price would have a devastating effect on the develop of free apps. Yes, 2.3% of zero would clearly be daunting.

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