



February 5, 2019

Representative Paul Marquart
Chair, House Taxes Committee
597 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd
Saint Paul, MN 55155

Chair Marquart and Esteemed Committee Members,

On behalf of Medical Alley Association and its more than 600 members that make up Minnesota's health innovation and care industry, we are writing in support of the bills before you that fully conform Minnesota law to changes at the federal level to Section 179 expensing and bonus depreciation.

Minnesota is known as "The Great State of Health" and is home to Medical Alley, which is enshrined in the Smithsonian as one of America's Great Places of Invention. Medical Alley is home to the most densely concentrated health technology cluster in the world, ranks as the #1 region in the world for health technology, and is leading the digital health revolution. Medical Alley Association represents over 600 members in the medical device, digital health, diagnostics, biopharmaceutical, health provider, and health insurance sectors. Our members employ nearly 500,000 people with an economic impact of greater than \$60 billion per year.

This past year, Medical Alley Association convened working groups, composed of healthcare leaders from all sectors, to put together a 10-year vision with the goal of Medical Alley being recognized as the global epicenter of health innovation and care. These working groups concluded that, in order to realize this vision, there were four major challenges that needed to be addressed. One of these was that Minnesota must provide a business environment that attracts investment and increases the opportunity for health technology and care organizations to succeed.

These working groups recognized that, despite Minnesota's high quality of life and education metrics, more work needs to be done to improve the cost of doing business here. Conforming to federal law for Section 179 expensing and bonus depreciation, as well as eliminating the five-year add back requirement, help accomplish this. These are important tools for increasing investment in Minnesota by health technology companies – large and small. Making these changes provides another reason to invest in Minnesota and to keep the industry growing here, rather than other potential locations where there isn't a similar disadvantage.

Medical Alley Association strongly supports fully conforming to federal law for Section 179 expensing and bonus depreciation and urges their inclusion in any tax bill that moves forward this year.

Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association