

Henry W. (Skip) Gjersdal, Jr.
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July 27, 2012

The Honorable David T. Dreier
Chairman
Committee on Rules
H-312, The Capitol Building
Washington, D.C. 20515

The Honorable David L. Camp
Chairman
Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Drier and Chairman Camp,

Thank you for your leadership in introducing H.R. 6169, the Pathway to Job Creation through a Simpler, Fairer Tax Code Act to require Congress to enact critical reforms to the U.S. tax system in 2013.

As you know, 3M is a U.S.-based employer and manufacturer established over a century ago in Minnesota. Today, 3M is a global company conducting the majority of our manufacturing and research activities in the United States while the majority of our sales are outside of the U.S. 3M is home to such well-known brands as Scotch, Scotch-Brite, Post-it®, Nexcare®, Filtrete®, Command®, and Thinsulate® and is composed of six business sectors: Consumer and Office; Display and Graphics; Electro and Communications; Health Care; Industrial and Transportation; and Safety, Security and Protection Services.

3M has long supported the need for comprehensive corporate tax reform, principally to improve the global competitiveness of American businesses and workers. We believe that a significant reduction in the corporate tax rate and the adoption of a territorial system are key components to this much needed reform.

With the highest corporate tax rate in the industrialized world, our U.S. corporate tax rate increases the cost of U.S. manufacturing operations. This increased cost translates into higher prices to customers, lower wages to employees, and lower returns to investors, which in turn hinder 3M's ability to compete in the global marketplace. Adopting a rate more in line with the OECD average of 24% will help address these competitive imbalances while simultaneously creating greater simplicity and predictability for domestic corporations.

In addition, the worldwide base of the current U.S. international tax system adversely impacts the competitiveness of American businesses which operate overseas for business reasons, like 3M, relative to competitors that are based in jurisdictions that exempt foreign income. A territorial system would bring the US into line with most developed countries, including the UK, Canada, Germany and Japan. In addition, such a change would allow for a substantial modification or repeal of many international tax rules, which are among the most complex and controversial rules in the Code.

We recognize that these reforms will require substantial offsets from existing deductions and credits. We look forward to working with Congress in the coming year on this important initiative to craft a U.S. tax code that levels the playing field for U.S. based companies and encourages more investment, manufacturing and jobs in the U.S.

Sincerely,

A handwritten signature in black ink, appearing to read 'Henry W. Gjersdal', written in a cursive style.

Henry W. Gjersdal
Vice President, 3M Tax and Real Estate