

**The House Committee on Ways and Means  
Member Day Hearing  
June 4, 2019**

**Statement for the Record Offered by Dean Phillips of Minnesota**

Thank you, Chairman Neal, Ranking Member Brady, and Members of the Committee for the opportunity to share with you a few of the issues I have discussed with constituents and businesses in Minnesota's Third Congressional District.

Minnesota is the proud home of nineteen Fortune 500 companies including United Health Group, Target, Best Buy, General Mills and 3M, including the largest agriculture company in the world, Cargill.

These businesses support the livelihoods of tens of thousands of people in my community, and I share their deep concern with this Administration's growing trade war with China. While China has indeed been unreasonable and discriminatory relative to technology transfer, intellectual property, and trade, these tariffs are harming Minnesotans and people in every corner of our country.

For example, Polaris Industries, America's powersports leader, is headquartered in my district and employs over 3,000 hardworking Minnesotans. They have been heavily impacted by the List 3 China tariffs, and expect to pay almost one third of their operating profit in tariffs per year. Polaris is being punished for manufacturing in America, while its leading competitors do so outside of the United States.

The situation is even worse for smaller companies in my district. Last month, I spoke with a small distributor of material handling equipment, that generates about \$1.5 million in revenue per year. When we spoke, they were paying a 10 percent tariff on items imported from their Chinese partner, roughly 80 percent of their volume. Just two weeks later, the Administration increased that tariff to 25 percent. Their words to me? "This will kill us."

How long can we tolerate using American businesses and employees as pawns in an unending trade war with China? This uncertainty is slowing job growth, reducing capital investment, and is raising prices for consumers here in the United States.

While I am glad that President Trump has removed Section 232 tariffs against Canada and Mexico, that is not enough. President Trump and President Xi (SHEE) of China must come to an agreement quickly before more American workers and businesses suffer.

And there is yet another innovation-stifling tax looming for businesses across the country and the over 60 medical device manufacturers in my community: the Medical Device Tax. It is time to pass the Protect Medical Innovation Act, which would repeal this tax, and I thank Representative Kind for re-introducing this legislation that is so vital to innovation in our region and our country.

And now I'd like to address the State and Local Tax Deduction. In Minnesota, we pride ourselves on our high-quality state and local services, including schools, hospitals, and social services. We are only able to do this through the relatively higher state and local taxes paid by Minnesotans. That's why the \$10,000 cap that was placed on State and Local Taxes in the latest tax law delivered a significant blow to taxpayers across our state.

According to the most recent IRS data, 1 of every 3 Minnesota taxpayers claimed a SALT deduction for an average of \$13,100. Now, people across our community are feeling the financial consequences of the new caps. They're seeing smaller refunds, and charitable giving is certain to decline. Therefore, I support legislation to eliminate the cap on SALT deductions, and I hope to the Committee make this a priority in the 116th Congress.

In closing, I ask that Committee be mindful of states like mine that take good care of our communities and residents, and I stand ready to partner with you in this mission in any way I can. Thank you for the invitation to testify, and I yield back.