



December 5th, 2023

The Honorable Charles Schumer
Democratic Leader
United States Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, D.C. 20510



The Honorable Mike Johnson
Speaker of the House
United States House of Representatives
H-232, The Capitol 2433
Washington, D.C. 20515

The Honorable Hakeem Jeffries
Minority Leader
United States House of Representatives
Rayburn House Office Building
Washington, D.C. 20515



Dear Speaker Johnson, Leader Jefferies, Leader Schumer, and Leader McConnell:



As you know, a Democratically-controlled Congress passed and President Joe Biden signed the so-called “Inflation Reduction Act” in summer 2022. Along with a super-sized IRS, multiple down payments on the Green New Deal, and Obamacare subsidies to bail out that failed program, **President Biden’s signature law created a new government price control on prescription medicines enforced by the threat of a 95 percent excise tax on the same drugs.**



This price control is called a “negotiation” by proponents of the law, but there is no actual choice involved. A drug manufacturer must submit to the government-imposed price control, or subject sales of that drug to a confiscatory 95 percent excise tax. That is no choice at all. Robust negotiation and competition requires the ability to say “no.”



Like other excise taxes (gasoline, beer, liquor, airline tickets, etc.), this new 95 percent tax on prescription medicines will ultimately fall on the end consumer—in this case, the patient at the pharmacy counter who could face a drug store bill twice as high as before. If the tax is avoided by the drug company thanks to it succumbing to the government price control, the pharmacy customer will suffer the usual impacts of price controls—scarcity of the medicine he needs, and a slowdown of new cures as research costs can no longer be funded by drug sales.



A key danger of Joe Biden’s 95 percent drug tax as the “alternative” to the government price control is that it might spread to other areas of the economy. One could easily see a 95 percent tax on internet service providers that don’t submit to an FCC internet price control, a 95 percent tax on interest collected by banks that don’t submit to a HUD mortgage rate cap, a 95 percent tax on gasoline which is too expensive for the Energy Department, or a 95 percent tax on car manufacturers who don’t sell government price-controlled vehicles at the Commerce Department’s preferred price. The only limit to this practice is the political will of the Congress and the president at any given time. This 95 percent tax on prescription medicines is the test case for using this model to command and control the economy.



There is nothing wrong with market competition bringing down the price of prescription drugs. But government price controls will lead to minimal production, scarcity of the medicine, and eventually government rationing. The alternative, a 95 percent drug tax, will mean a massive increase in the price of the medicine for everyone in America, along with the prospect of other harmful distortions to our health care system and our economy.



Sincerely,
Everyone



Charles Sauer
Market Institute

Ryan Ellis
Center for a Free Economy

Adam Brandon
Freedomworks

Brent Wm. Gardner
Americans for Prosperity



Joel Zinberg
Competitive Enterprise
Institute

Robert E. Moffit, PhD
The Heritage Foundation

American Association of Senior Citizens

David McIntosh
Club for Growth

Jane Orient
Association of American
Physicians and Surgeons



Grover Norquist
Americans for Tax Reform

John Tamny
Parkview Institute



Pete Sepp
National Taxpayers Union

Saul Anuzis
American Association of
Senior Citizens



Angela McCardle
Libertarian National
Committee

James Martin
60 Plus

Ryan Walker
Heritage Action

Christina Sandefur
Goldwater



Nina Owcharenko Schaefer
The Heritage Foundation

Grace-Marie Turner
Galen Institute

Karen Kerrigan
Small Business and
Entrepreneurship Council

James Edwards
Conservatives for Property
Rights

Phil Kerpen
American Commitment

Ashley Baker
Committee for Justice

John Goodman
Goodman Institute

Ken Blackwell
ACRU Action





Annette Meeks
Freedom Foundation of
Minnesota

Lisa Cathy
African American Education
Alliance



Richard Manning
Americans for Limited
Government

Autry Pruitt
MAGA Black



Donna Jackson
Project 21

James Golden
New Journey PAC



Seton Motley
Limited Government

Julie Cho
Fairer America



George Landrith
Frontiers of Freedom

Gerard Scimeca
CASE



Daniel J. Mitchell
Center for Freedom and
Prosperity

Twila Brase
Citizens' Council for Health
Freedom

TRADE ALLIANCE
to Promote Prosperity

Tom Hebert
Open Competition Center

Jeff Cargerman
Inventors Project



Ralph Benko
Capitalist League

Christopher G. Sheeron
Action for Health



Woodrow Johnston
Conservatives March On

David Williams
Taxpayers Protection Alliance



Joshua Delano
Southeast Texans for Liberty

Jeffrey Mazzella
Center for Individual Freedom

Richard Walker
Benjamin Rush Institute

Tom Giovanetti
Institute for Policy Innovation

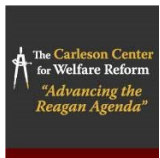
Terry Neese
National Grassroots Network

Dick Patten
American Business Defense
Council



Paul Caprio
Family PAC Federal

Kent Kaiser
Trade Alliance to Promote
Prosperity



C. Preston Noell
Tradition, Family, Property

Patrick Brenner
Southwest Public Policy
Institute

Larry Ward
Constitutional Rights PAC





Richard Ralston
Americans for Free Choice in
Medicine

Carla Howell
Center for Small Government



Kevin Kearns
US Business and Industry
Council

Brett Healy
Maclver Institute



Tom Schatz
Council for Citizens Against
Government Waste

Palmer Schoenig
Family Business Coalition



Bob Carlstrom
AMAC Action

Ed Martin
Phyllis Schlafly Eagles

Paul Gessing
Rio Grande Foundation

Anthony Zagotta
Center for American
Principles

Gene Mills
Louisiana Family Forum

Jason Savage
Maine GOP

Casey Given
Young Voices

Tom Norton
America First PACT



Norm Singleton
US Policy

Matt Mackowiak
Fight for Tomorrow



Hannah Cox
Based Politics

Charles Moran
Log Cabin Republicans

Mario H. Lopez
Hispanic Leadership Fund

James Davis
Fans for Fair Play



Dave Wallace
Restore Americas Mission

Dan Corrin
Prosperity Caucus

Ralph Winnie
Fair Energy

Dan Perrin
HSA Coalition

Jerry Rogers
Institute for Liberty

Susan Carleson
Carleson Center for Welfare
Reform

Sal Nuzzo
James Madison Institute

Carmine Denisco
United Inventor Association

Yael Ossowski
Consumer Choice Center

Donny Ferguson
Americans for a Better
Economy

