

AB 1733 – Director of California Biotechnology Retention and Recruitment

Assemblymember Jerry Hill & members of the Select Committee on Biotechnology

IN BRIEF

Creates the Director of California Biotechnology Retention and Recruitment within the Governor's Office, to foster the growth of California's biomedical industry through increased assistance and collaboration between state government, universities and the private sector.

THE ISSUE

Forty-five states and 27 countries are organizing efforts to attract biotechnology companies away from California.

The financial commitments toward life sciences being offered elsewhere are staggering. Ireland will spend \$6 billion between 2006 and 2013 on commercialization, research and R&D tax credits. China spent \$1 billion last year on biotech investment and attraction.

The California Healthcare Institute (CHI) released the 2010 Biomedical Industry report this month which showed that two-thirds of executives at California's largest biomedical companies expect to move more manufacturing out of state within the next two years. Fifty-eight percent said they anticipate doing more research and development outside California.

One of the companies from the September 21, 2009 Biotechnology Committee hearing in South San Francisco informed the Committee that they received a call from the State of Missouri offering them \$1 million to relocate. Genentech indicated that they receive monthly calls from Governors asking them what it will take to locate a facility outside of California. Unfortunately, Oregon was successful in their endeavor. Genentech cited income tax disparity as the reason for constructing their first manufacturing facility outside of California.

THE SOLUTION

At each of the five informational hearings hosted by the Assembly Select Committee on Biotechnology over the last year, the common theme shared at each of the

hearings was that state government needs to be more efficient when dealing with the biomedical industry.

The Director of California Biotechnology Retention and Recruitment, which would be funded with existing resources within the Governor's office, would serve as a one-stop-shop resource for the biomedical industry. The Director would be appointed by, and report to, the Governor and would be responsible for helping existing companies thrive in the state while serving as a resource for new companies who want to locate within California.

The increased coordination and assistance between state government, higher education, and the private sector resulting from this legislation will translate into high quality jobs for Californians.

Maryland's Governor recently created the Maryland Biotechnology Center whose mission is to coordinate and consolidate state, university and private-sector bioscience initiatives and resources. Other states have offices dedicated to biotechnology retention and recruitment.

BACKGROUND

The CHI report found that the biomedical sector is one of the few industries that actually grew in California during last year's recession. This legislation will help foster the continued growth of California's biomedical industry.

California is home to over 2,000 biomedical companies employing over 274,000 people. The average wage for a biomedical industry employee in California is \$75,000.

San Mateo County, considered the birthplace of biotechnology, has over 350 companies employing roughly 15,000 people with a total payroll of \$567 million.

Companies within the state are responsible for 1,200 approved treatments with 869 products in the California biopharmaceutical pipeline, including those in pre-clinical and clinical development.

It takes on average 14 years and \$1.2 billion to create a single treatment, after thousands of other approaches and compounds are ruled failures.

SUPPORT

California Healthcare Institute (CHI)

FOR MORE INFORMATION

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