

2009 STATE POLICY PRIORITIES

Tax issues

In light of the unprecedented budget difficulties facing California this year, CHI must remain vigilant in protecting the life sciences industry from tax policies that will make California less competitive in attracting and retaining life sciences firms and talent. In the 2008 budget, the R&D tax credit was weakened when the legislature placed a two-year limit on the ability of businesses to use the credit, capping those credits at 50 percent. As tax policies strongly influence life sciences investment and other states are aggressively courting California companies with myriad incentives, CHI will continue to educate the members of the legislature about the effects of these policies on the life sciences industry in California so that we do not become a target for closing the budget gap.

In 2009, CHI will:

- Continue to advocate for corporate fiscal policies that promote the expansion of the industry in California.
- Work to protect and strengthen the state R&D tax credit.
- Work to protect and expand the net operating loss (NOL) deduction.

Environmental regulation

In the past few years, we have seen increasing legislative attempts in California to enact restrictive environmental requirements that threaten life sciences research and manufacturing. In prior years, CHI has demonstrated its unique credibility and is well positioned to continue to lead the life sciences industry on environmental regulation and stewardship issues. Environmental issues have serious consequences for biopharmaceutical, medical devices, diagnostics, and basic research, and we are certain to see legislation on chemical bans, green chemistry, and medical waste in the future.

In 2009, CHI will:

- Mobilize the CHI Environmental Working Group to educate policymakers on the practical implications of stringent environmental requirements.
- Provide legislators with a clearer understanding of our highly regulated industry's commitment to environmentally sound practices.
- Continue to be the dominant voice on environmental issues for the life sciences community with the administration, regulatory agencies, and the legislature.

Favorable business climate

The California life sciences industry has been a recent target of other states' campaigns to lure California businesses with tax relief and other incentive packages. Legislation that increases litigation costs, jeopardizes confidential trade secrets and proprietary practices, or otherwise increases the cost of doing business in California relative to other states only provides further ammunition to other states looking to attract the life sciences industry. We anticipate legislation imposing increased product liability concerns, marketing restrictions and onerous waste disposal requirements on our members.

In 2009, CHI will:

- Educate policymakers on the importance of strong IP protections to encourage life sciences innovations.
- Outline the economic impact of legislation that increases civil liability for the life sciences community, or that imposes unnecessary marketing, waste disposal or other economically burdensome requirements.

Education and workforce development

California's academic institutions are suffering tremendous budget cuts—10 percent across the board—under the recently enacted budget. UC, CSU, and community colleges are not receiving enrollment growth funding, which will force them to look at additional student fee increases and decreasing enrollment. This threatens their ability to provide an educated workforce and research innovations that are critical for the vitality of the life sciences industry in the state. This is an issue of great importance to most legislators, specifically ethnic caucuses, and it is critical for the ongoing viability of the industry in California.

In 2009, CHI will:

- Educate policymakers on the implications of the budget cuts to UC, CSU, California community colleges, and others who help train a future workforce for the life sciences community that reflects the rich diversity of California.
- Effectively communicate the role that the industry plays in providing well paying jobs to students with math and science degrees.
- Educate policymakers about research and education challenges facing our state.