

June 24, 2008

The Honorable Gene Mullin
California State Assembly
State Capitol, Room 2163
Sacramento, CA 95814

RE: Assembly Bill 2381, as amended on June 23, 2008
CHI Position: Support

Dear Assemblyman Mullin:

On behalf of the California Healthcare Institute (CHI), whose more than 250 members include our state's premier life sciences companies and academic research institutions, I am writing in support of your measure, AB 2381 – legislation that would define a "California Supplier," as the term relates to grantees of the California Institute of Regenerative Medicine (CIRM).

California is the worldwide headquarters for biomedical research and development. More than 2,700 biomedical companies and 100 public and private research institutions are devoted to solving major unmet medical needs such as cardiovascular and respiratory disease, cancer, diabetes, AIDS/HIV and other infectious diseases. The California life sciences industry is also an important engine of economic growth for the state, employing more than 270,000 workers, providing over \$18 billion in wages and salaries, and investing some \$28 billion annually in R&D.

In 2004, CHI was very supportive of Proposition 71, an initiative that would put California at the forefront of stem cell research with a \$3 billion public investment. CHI believes that, if done correctly, this investment hold tremendous economic promise for the state through tax revenue and business partnerships. An important element of this is the suppliers of goods and services to grantees of CIRM funds. In the voter-approved measure there is an explicit statutory preference for California suppliers.

The original language in your bill drew significant concern from many members within CHI's membership that have made a tangible economic commitment to state through investment in California facilities and jobs. We are pleased to support your measure, as amended on June 23, 2008, which includes the following definition,

"California supplier" means:

(1) any sole proprietorship, partnership, joint venture, corporation, or other business entity whose owners or policymaking officers are domiciled in California and whose permanent, principal office or place of business from which the supplier's trade is directed or managed is located in California; or

(2) any sole proprietorship, partnership, joint venture, corporation, or other business entity, including those owned by or under common control with a corporation, that:

(a) has owned and operated a manufacturing facility or research facility located in California that researches, develops, builds or manufacturers products for life sciences research continuously during the five years prior to submitting a bid or proposal to provide supplies to a CIRM grantee;

(b) has been licensed by the state on a continuous basis to conduct business within the state during the five years prior to submitting a bid or proposal to provide supplies to a CIRM grantee, and;

(c) has continuously employed California residents for work within the state continuously during the five years prior to submitting a bid or proposal to provide supplies to a CIRM grantee;

or

(3) any sole proprietorship, partnership, joint venture, corporation, or other business entity that produces, builds, or manufactures a product or products in California for the specific product or products which are used by CIRM grantees.

For purposes of qualifying as a "California Supplier," a distribution or sales management office or facility does not qualify as a manufacturing facility or research facility.

Thank you for your work in this area your openness towards the concerns of CHI's membership. We look forward to working with you and the CIRM to promote policies that will advance future innovation in stem cell research.

Sincerely,



Sandra Pizarro
Vice President of State Government Affairs
California Healthcare Institute

cc: Chair and Members, Senate Health Committee
Lark Park, Consultant, Senate Health Committee
Joe Parra, Senate Republican Consultant