

New Member "101":
Tax, Intellectual Property & Trade Policy and Incentivizing Innovation

Appropriate tax, intellectual property, and trade policies can greatly influence life sciences investment, innovation and job creation in California and throughout the nation. By providing companies with important incentives to make high-risk investments, the biomedical industry has developed innovative, life-saving therapies and medical technologies that have changed the lives of patients with unmet medical needs.

Unfortunately, U.S. tax policy has become an increasingly complicated and growing burden on companies competing in the interconnected and competitive global economy, further depressing important financial investment in innovative technologies. Many factors – including the U.S.'s high corporate tax rates, continued uncertainty over the future availability of the Research & Development and Orphan Drug tax credits, exclusivity provisions for innovative products, and the punitive medical device excise tax – continue to challenge the biomedical industry's mission in producing life-saving treatments. These policies are especially impactful on small, entrepreneurial, and venture capital backed companies who have yet to bring a product to market and rely on investment to keep their doors open.

In addition, strong patent and intellectual property (IP) protections both here at home and in trade talks must be supported for the biomedical industry to thrive. Life sciences research is extremely expensive, and attracting investment into companies developing the next generation of treatments, therapies, and technologies depends on a strong, reliable patent system. The ability to rely on patents once they are issued and enforce those patents is a top priority for California's research universities, institutes and biomedical companies large and small. Moreover, any patent reform legislation must represent the full spectrum of different industries and sectors reliant on a well-functioning U.S. patent system and the enforcement mechanisms it provides.

Congress will be evaluating many tax, trade and IP policies in the 114th Congress, and we respectfully urge your consideration of the following priorities:

- Cosponsor and support H.R. 160, the *Protect Medical Innovation Act*, legislation to fully repeal the medical device excise tax.
- Oppose H.R. 9, the so-called *Innovation Act*, which would threaten the ability of biomedical innovators to enforce their patents and fund continued R&D by making it more difficult, time-consuming and expensive to enforce legitimate and important IP rights.
- Ensure any corporate tax reform proposals recognize the importance of incentives for biomedical innovation, including protecting the successful Orphan Drug Tax Credit and Research & Experimentation ("R&D") Tax Credit.
- Protect the 12-year exclusivity period for innovative biologics.
- Continue to monitor trade talks and domestic policies of countries such as India and China, which routinely abuse international IP rules around piracy, compulsory licensing, and pricing.