



April 17, 2013

Assemblyman Manual Perez
State Capitol
Sacramento, CA 95814

Subject: Support for AB 653 (as amended, 4/16/13)

Dear Assemblyman Perez:

BIOCOM leads the advocacy efforts of the Southern California life science community with more than 560 members including medical device, diagnostics, biotechnology and biofuels companies; universities; basic research institutions; and service support firms. As an advocacy organization we are actively engaged in ensuring that the life science industry remains a strong and growing part of the state's economy. **In keeping with this mission, we would like to inform you of our support of your AB 653 (as amended, 4/16/13).**

AB 653, the California Innovation and Jobs Act, has many provisions BIOCOM has advocated for over the past several years, including:

1. An increase in the research and development (R&D) tax credit
2. Sales tax elimination for manufacturing equipment
3. Education tax credit for companies who help establish curriculum which leads to the substantial likelihood of employment opportunities.

A substantial increase in the R&D tax credit should incentivize life science companies to do even more of that work in California. Among BIOCOM members, the R&D tax credit has consistently ranked as the most substantive thing the California government offers to keep it marginally competitive with other states. At a time when other states and regions are getting increasingly aggressive about trying to attract business away from California, this would send a strong message that California is serious about keeping its home grown industries.

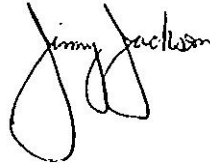
Along those lines, California is one of a very few states that charges any sales tax on equipment used in manufacturing or research and development, much less full sales tax. Other states have long realized that, by definition, the purchase of such equipment creates jobs in the state, and the long term economic gains from those jobs far outstrips the relatively nominal amount of revenue generated by the sales tax.

Finally, an education tax credit would be an invaluable incentive to get companies to partner with local educational institutions to train people for jobs that will stay within the community. Within the life sciences industry, whether it be biopharmaceutical production,

medical device manufacturing, or operations within the industrial biotechnology/biofuels arena, much of the training necessary is so highly specific to a subset of the industry it would be impractical for these educational institutions to develop and offer this curriculum on their own. For the current gaps, life science companies already often work with these institutions to help develop training programs. This credit would incentivize more companies to do so, and could potentially result in these institutions also receiving state of the art equipment to better train those students for real life situations within the work environment.

Again, we thank you for your introduction of AB 653 (as amended 4/16/13) and express BIOCOM's support for this bill. If we may answer any questions, please contact me at jjackson@biocom.org or 858-455-0300x102 or BIOCOM's contract lobbyist, Maureen Higgins at mphiggins@shjlobby.com or at 916-446-3007.

Sincerely,

A handwritten signature in black ink, appearing to read "Jimmy Jackson". The signature is stylized with a large, looped initial "J" and a cursive-style name.

Vice President of Public Policy
BIOCOM