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## Life sciences hold economic salvation for Golden State

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By Bill Young, Matt Gardner

California's life sciences companies are imperative to American competitiveness in the 21st century. The dynamism and determination of innovators in the life sciences industry will ensure that there will be revolutionary discoveries and cures. However, in order for these treatments to reach patients, it is essential the state government make a conscious effort to support life sciences' leaders.

Several life sciences companies are creating genetically personalized treatments and diagnostics for cancer, diabetes and HIV/AIDS, while others are developing the next generation of synthetic biofuels. Solutions to America's most pressing needs could be just around the corner for California innovators, given the right combination of political will and economic action.

According to BayBio: IMPACT 2009, there are currently 210 therapies and diagnostics traveling the pipeline toward approval and availability to patients. This is remarkable when one considers that 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.

Life sciences innovations have the promise for long-range savings to the healthcare system. Personalized therapies and diagnostics may prove to be the best approach to reigning in the costs ingrained in our healthcare system. One company, Monogram Biosciences is focused on developing and commercializing molecular diagnostic technologies to forecast which HIV and cancer patients would derive value from certain treatments. Dozens of other companies are busy in labs, developing other genomic-based products to determine a patient's risk and predict outcomes. These techniques will improve treatment effectiveness and save payers and beneficiaries millions - if not billions - of dollars.

The solutions offered by life sciences research extend even further than stimulating growth and creating jobs. These treatments and cures represent the fundamental spirit and core of American competitiveness. Justifiably, there is a great deal of focus on creating access to medical treatments and technologies of today. However, this

discussion must also include ways to sustain the development of the treatments and technologies of tomorrow.

Certainly, it is in the best interest of patients and of the state to ensure that California's life sciences industry flourishes and expands. The returns on innovations offered by life sciences research go far beyond the incredible benefits to patients. The fruits of research serve as an engine of job creation and economic growth for California and the nation.

When a discovery is shown to have clinical value, companies respond by expanding their workforce to recruit highly-educated, committed employees. The industry employs 264,000 people in California alone. In the immediate future companies will invest \$50 billion in manufacturing equipment, jobs, and facilities to bring the 210 most promising treatments to fruition. The only question becomes in which state companies invest the \$50 billion.

In these extraordinary times of heightened risk for any and all investments, we must actively promote capital formation. California's ability to provide incentives is limited. However, as the economic crisis of 2008 unfolded, Californians learned that we must foresee the consequences of our actions, as well as the consequences of our inactions, and prioritize industries and enterprises that create jobs.

In practice, this means making a conscious effort to support provisions like a proposed federal net operating loss and R&D tax rebate. If companies could receive a portion of future credits now, they would reinvest this capital in jobs, research, and innovation. This would be an investment which would provide returns to California for years to come.

California's elected leaders should speak up alongside the life sciences industry to promote the kind of direct action needed to deliver lasting benefits to the economy and to California's citizens.