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Governor lauds bio's 'brain power'

By Terri Somers

Gov. Arnold Schwarzenegger yesterday lauded the world's biotechnology industry for tackling a pile of complicated issues – therapies for disease, diagnostics to improve health care and alternative fuels that may one day create “a carbon-free world.”

“This room is sizzling with brain power and creativity,” he told a crowd of about 20,000 biotech executives yesterday at the San Diego Convention Center. “I will walk out with a 10 percent increase in my IQ just for being here.”

Addressing the annual BIO International Convention, the Republican governor took the opportunity to brag about California's dominance as the national and world leader in biotechnology. Its 3,000 life-science companies generate about \$73 billion in revenue annually – “and that's without counting the sales of botox to Joan Rivers,” he said.

While the industry appreciates his support, it was a bit slow in coming. The last time the BIO convention was in California – in San Francisco in 2004 – Schwarzenegger, then newly elected, did not attend.

In recent months, however, he has visited biotechnology companies, such as Invitrogen in Carlsbad, and met with elected officials and the press to promote the economic and social contributions of the state's second biggest high-tech industry after computer software.

Schwarzenegger also supported the state's \$3 billion initiative to fund stem cell research in 2004, even lending the stem cell institute \$150 million from state coffers to get it started while its legality was being challenged in the courts.

But the industry wants more from California as other states, including Massachusetts and Florida, and countries around the world, especially China, Singapore and India, pour billions into creating biotech hubs.

A report released yesterday by **Bay Bio**, the industry organization in the San Francisco Bay Area, asks for \$1 billion in state incentives over the next 10 years, including a reformulation of how sales taxes are calculated and a speedier land-use approval process.

Both issues are causing companies to open production facilities elsewhere, the report said, including San Diego-based Amylin Pharmaceuticals, which is building a manufacturing plant in Ohio.

The report reiterates issues that San Diego's biotech and economic development representatives have lobbied for in Sacramento for several years. Industry is asking the state for tax cuts, investment credits and investment in education and facilities where startup companies can incubate their technology and grow enough to attract private investors.

Schwarzenegger acknowledged in his speech that the industry is thriving because of the state's universities and research institutes. Private investment keeps it driving forward, including venture capitalists who made almost half their U.S. life sciences investment in California.

Meanwhile, commercial interests are also pitching in, such as BP, which is investing more than a half-billion dollars in the University of California Berkeley, "which is music to my ears," he said.

And he lauded the voters of California for overwhelmingly supporting the stem cell initiative, which has already directed more than \$530 million toward stem cell research through 168 grants, making the state stem cell institute the largest source of funding for stem cell research in the world.

But when asked later whether he thought the state should be making more investment in the industry through additional tax breaks, Schwarzenegger was evasive.

"California loves competition," he said.

In a speech at the convention on Tuesday, Massachusetts Gov. Deval Patrick and former Florida Gov. Jeb Bush talked about the tough choices they made to invest millions of dollars in biotechnology, even during an economic downturn.

"It was a way to get us into the game," said Bush, whose state directed about a half-billion surplus dollars into the industry, including creating financial incentives for three Torrey Pines research institutes to open facilities there.

Schwarzenegger also made a pitch for the state's stem cell initiative, inviting Robert Klein, chairman of the California Institute for Regenerative Medicine, to share the stage during a news conference.

Klein reported that the stem cell institute signed a three-year, \$100 million agreement with Canada to collaborate on cancer stem cell research.

The governor of the Australian state of Victoria also signed a collaborative research agreement with California. Victoria is the former home of stem cell institute President Alan Trounson, a pioneer in in-vitro fertilization.

“California is committed to being a leader in stem cell research, but no one state or nation should do this alone,” Schwarzenegger said. “Entering into collaborations such as this, which bring together leading medical research capabilities, have great potential in improving the lives of not only Californians, but people around the world.”