Good afternoon, Mr. Chairman and Members of the Committee. Thank you for the chance to be here. As the President and CEO of New Jersey’s biotechnology industry trade association, I have four brief points:

1. The biotechnology industry is growing in New Jersey.
2. Industry growth could be faster and greater and is at risk.
3. When incentives are geared toward the biotech industry, they have repeatedly demonstrated a return on investment to the State.
4. There are specific programs and policies that will help ensure future growth.
First, the growth: There were 80 biotechnology companies in New Jersey in 1998 and there are more than 350 today. This count does not include medical device or Big Pharma companies. The growth has come from many sources – from startups, many of which come from our colleges and universities and incubators – to spin-offs from other biotech and pharmaceutical companies and from companies coming to New Jersey from other states and other countries.

Second, that growth is at risk for several reasons and it could be faster and greater. The existence of Big Pharma in New Jersey and its talent has been a natural attraction tool for biotechnology companies for our State for a very long time. However, as Big Pharma has downsized over the past few years and as the legend of it leaving our great state spreads, New Jersey’s reputation as being a place where biotech can access that talent is at risk. Advertising, promotion and outreach efforts such as that being waged by the Business Action Center and ChooseNJ are critically important and could be better funded.
Also, there is a very real attack coming from other states and other countries that are trying to lure our companies away. I brought this prop to drive home the point that even the State of Nevada is making its play for our companies. This was sent to me by one of my Board Members who received it in his office a couple of years ago along with a compelling letter about all that Las Vegas has to offer the industry. For the record, it is a 10” high model of a flashing billboard that tells companies to come to Las Vegas. While fortunately no company relocated to Las Vegas as a result of this mail campaign, it got a great deal of attention at the time and serves as just one example of the many attraction efforts that our companies in the biotech industry face each day. Not all are quite so frivolous.

For example, North Carolina waged a rather serious campaign in just the past few weeks on our leading biotech companies. There are legendary stories of former Governor Rendell calling the Shire CEO at home on a Sunday afternoon which sealed the deal for Shire’s relocation to Pennsylvania and a former governor of Maryland personally inviting and then meeting one of our former CEOs on the tarmac at the airport for a personally escorted visit around the state.
And states such as Massachusetts and New York have established compelling incentives such as 10 year tax abatements which are giving NJ a real run for its money.

**Third, Incentives to support the biotech industry work.** In addition to our own study of a few years ago which demonstrated a return of 15:1 on the State’s investment in the Technology Business Tax Certificate Transfer Program, we released a report just last week which appeared in the independent peer reviewed Journal of Urban Economics which, according to Joseph J. Seneca, Ph.D., University Professor of Economics at the Edward J. Bloustein School of Planning and Public Policy at Rutgers University, demonstrated that “when incentives are directed to the biotechnology industry, they are effective and produce a significant ROI for state and local economies” and “increase the number of highly productive scientists, raise biotechnology employment and incomes, and have a sizeable positive impact on the broader state economy.” I have included a copy of that report and Dr. Seneca’s analysis with my testimony.
Finally, and briefly, we believe that the following measures would help to shore up the continued growth of the biotechnology industry. Expanding the Angel Investor Tax Credit Act to 25% vs the current 10%, venture funding programs such as that set up by the NJEDA a number of years ago with a state investment matched 3:1 by a venture firm, early stage grants, changes to the Economic Opportunity Act that will close an important loophole which unintentionally eliminated the access of certain companies that had access under the BEIP and BRAGG programs, enhancements to the Technology Business Tax Certificate Transfer Program in addition to anything that makes New Jersey an overall more business friendly state and enhances its reputation as such.

Thank you for your consideration and the opportunity. I would be pleased to discuss these or other ideas with you and answer any questions today or provide additional information moving forward.

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