



2019 State Priorities

BioNJ Background

BioNJ is New Jersey's largest life sciences trade association, representing 400 research-based life sciences companies, academic institutions, Patient advocacy organizations and other stakeholder members. New Jersey's life sciences ecosystem has consistently been a global leader in innovation in biopharmaceutical research, development and manufacturing. The State's life sciences sector is comprised of nearly 3,300 life sciences establishments with more than 1,000 drugs in development. From 2015-2017, nearly one-third of all FDA-approved drugs – 29 percent – were developed by biopharmaceutical companies headquartered in New Jersey. That number was nearly 50 percent in 2017 and 35% in 2018 alone. New Jersey's life sciences community has nearly 400,000 employees in the State and is a critical cog to the State's economy as well as to bringing new therapies and cures to the Patients who need them.

BioNJ strongly supports measures that enhance Patient access to innovations in health care. We believe that Patients should have access to the right treatments at the right time. As groundbreaking and lifesaving cures are developed, timely Patient access to these treatments is critically important. We support policies that will maintain and grow our State's position as a global leader in biopharmaceutical discovery, research, development and manufacturing. And, we support efforts to increase collaboration between and among New Jersey's life sciences stakeholders – Because Patients Can't Wait®.

Focus: Enhance and Grow New Jersey's Life Sciences Ecosystem

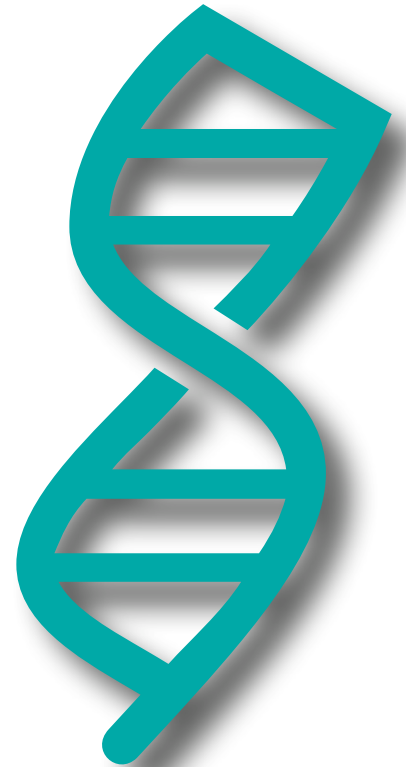
Our State is indeed a global hub for life sciences research, development and manufacturing with continued success in novel treatment discovery in oncology and other disease areas. However, we must act to ensure our State's position in the sector remains strong. One way to ensure a vibrant life sciences ecosystem is to encourage early investment in start-up and emerging life sciences companies. For these companies, State programs such as the NOL Program or incubator rent assistance program can have a dramatic impact on long-term success.

State Economic Development Plan

Governor Murphy has made continued investment in the State's innovation economy a priority during his first year in office. From reactivating the State's Commission on Science, Innovation and Technology to signing into law legislation providing for a State STEM loan redemption program, the innovation sector has been at the forefront of the Governor's agenda. And the legislature has followed suit, approving legislation to create a State marketing plan and an innovation portal at the New Jersey Economic Development Authority.

In October, Governor Murphy unveiled his Economic Development Strategic Plan for the State. The plan entitled "The State of Innovation: Building a Stronger and Fairer Economy in New Jersey," outlines a number of concepts to help further spur economic growth in the State. BioNJ supports Governor Murphy's Economic Development Strategic Plan, and we will work throughout 2019 to ensure several of the plan's key proposals become law.

Governor Murphy's Economic Development Strategic Plan includes a proposal for a \$500 million Evergreen Innovation Fund to encourage investment in emerging life sciences companies. The Evergreen Innovation Fund would raise funds by auctioning



state tax credits at a discounted rate while attracting matching dollars from venture capital firms looking to invest in New Jersey. As proposed, the Evergreen Innovation Venture Fund recipients need to be based in New Jersey to be eligible for funding. New Jersey's life sciences ecosystem has received a fraction of the venture funding in other states (e.g., Massachusetts) in recent years. BioNJ applauds Governor Murphy for this proposal, and we will work with the Governor, Senate President Sweeney and Speaker Coughlin to ensure it becomes reality in 2019.

The Governor's Economic Development Strategic Plan also seeks to reinvent the Grow NJ program as the NJ Forward Tax Credit Program. NJ Forward would focus on high-growth sectors, such as the life sciences, and prioritize new job creation. BioNJ looks forward to ensuring the NJ Forward program incentivizes growth and investment for New Jersey life sciences companies of all shapes and sizes looking to employ New Jersey talent.

Angel Investor Tax Credit

As referenced, early investment in emerging life sciences companies is critical for the long-term success of these organizations. In particular, early investment, whether through a venture fund or other means, can help spur the discovery process for a new company focusing on a breakthrough therapy for a rare disease. New Jersey has traditionally supported early investment through the State's Angel Investor Tax Credit. The Angel Investor Tax Credit program can award up to \$25 million annually in credits for investments made in New Jersey's emerging technology businesses. Eligible businesses must employ fewer than 225 employees, and 75 percent of the company's employees must work in New Jersey. Senators Troy Singleton (D-7) and Kristin Corrado (R-40) as well as Assemblyman Chris DePhillips, Assemblywoman BettyLou DeCroce (R-26) and Assemblyman Andrew Zwicker (D-16) have introduced legislation (A-3677/S-2298) to increase the State's Angel Investor Tax Credit to 25 percent while maintaining the \$25 million budget allocation thereby not increasing the program's impact on the State budget. With other states in the region maintaining angel investor tax credits from 25 to as much as 50 percent and demonstrating job creation attributable to this program, an increase in our State credit to 25 percent will help New Jersey remain competitive in the race to attract early investors while creating new jobs. BioNJ strongly supports this legislation and will work to ensure its passage during the 2019 legislative session.

Maintain Consistent Fiscal Policy, Make New Jersey More Business-Friendly

Changes to the corporate business tax in 2018 could result in a continued perception that New Jersey is not "open for business" for innovation and growth in the life sciences and other emerging sectors. BioNJ supports efforts to maintain a consistent fiscal policy that provides certainty to the State's business community. This includes not only the corporate business tax, but also efforts to limit tax liabilities in programs such as the NJEDA's NOL Program where eliminating the taxability of even a small award can be meaningful for an emerging company.

Moreover, New Jersey should consider additional regulatory changes to encourage life sciences companies to remain and grow in the Garden State. Governor Murphy's plan points to the myriad of regulatory hurdles for a business to set up and expand, let alone thrive and grow in New Jersey. Senate President Sweeney's New Jersey Economic and Fiscal Policy Workgroup report also outlines underlying structural changes necessary to change the climate for growth in New Jersey. BioNJ supports common-sense efforts to improve employer perceptions of the state's business climate. We encourage our State's policymakers to consider proposals such as online construction permitting or a permit navigator for life sciences companies that could help organizations continue their growth as New Jersey companies.