

Testimony to the NYS Senate “Next Gen” Task Force

Thursday, January 22, 2004
Hofstra University

Good Morning Senator Skelos and members of the NextGen Task Force. Thank you for your ongoing support of New York’s biotechnology industry, and for inviting me to speak to you today.

My name is Karin Duncker and I am executive director of the New York Biotechnology Association. NYBA is a statewide trade association dedicated to the development and growth of New York’s biotechnology industry, and to strengthening the competitiveness of New York State as a premier global location for biotechnology and biomedical research, education and industry.

I would like to begin my comments by commending you, Senator Skelos, and your colleagues in the Senate for your vision and leadership in recognizing biotechnology’s potential as a driver of economic development in New York State. The J2K and Gen*NY*sis programs have provided a strong foundation to build upon. We are excited to work with you on creating in “NextGen”, programs that will provide the biotechnology industry with the help it needs to realize our goal of creating a world class biotechnology hub here in New York State.

In these hearings you will hear from many individual biotech companies about their experiences, the challenges they have faced, and what they need from New York to continue to grow and thrive here. I will be telling you about the biotech industry in New York as a whole, it’s contributions to New York’s economy, why NYBA believes that New York is a major player in the industry, and what NYBA believes the state can do to enhance its support of this vital industry.

New York’s biotechnology industry is on the verge of exploding onto the biotechnology scene as never before. With over 90 products in the pipeline, 20 of those in late stage clinical trials, and at least three potential product launches in the next 2 years, New York’s biotech industry is ready to realize the one piece of the puzzle that has been missing – a blockbuster success story. Because of this, the time is especially ripe for New York State to take a leadership role by establishing policies and programs that will continue the momentum, helping new and established biotech companies grow and stay in New York, thus feeding the pipeline for future success stories.

At NYBA’s annual meeting in March, we will be releasing our second report on New York’s biotech industry. Although the full data from the study will not be released until March 1st, I would like to share some key highlights to give you a sense of the depth of industry here, and it’s contributions to New York. I do need to point out that we have a narrower definition of biotech than some other groups, and these numbers do not reflect

large pharmaceutical companies, generic drug companies, contract research laboratories, or suppliers. They do include companies with activities focused on the discovery, development and commercialization of proprietary technologies that use organisms or their cellular, sub-cellular or molecular components to solve problems or make products.

According to our 2003 data, there are 101 biotech companies that call New York home, employing over 6,300 people. This is a 13% growth in the number of companies and a 17% growth in the number of employees over the past 2 years. These companies spent over \$560 million dollars on research and development, had total expenditures upwards of \$2 billion dollars, and revenues of \$1.6 billion dollars, a 33% increase in 2 years. These numbers show the industry's steady growth and significant contributions to New York's high tech economy. And with the number of products in the pipeline for submission to the FDA in the coming 24-48 months, we are likely to see a tremendous bump up in these numbers going forward.

The industry has gained great momentum over the past few years, yet we still need help from New York State to partner with biotech companies and take bold steps to assure that New York State is, and is perceived as the logical choice for biotechnology. I believe you and your colleagues in the Senate have led this mission with programs like Gen*NY*Sis. It is critical now to continue this vision by creating and enhancing programs that will have direct and tangible effects on the biotechnology companies themselves.

Through all of your hard work, you have become aware that biotech companies are very long on development to product and often short on the tremendous financial resources needed to push a product from idea to launch. Basic needs such as laboratory space and access to financial resources are still high on the list. Creating incentives for the development of pre-permitted quality laboratory space, especially in those areas where affordable space is not as readily available, should be a significant part of NextGen. You have already been successful on the incubator stage. Build upon that success with programs that spur on the development of accessible laboratory space for companies at the post-incubator stage and beyond. This is where the next success stories will come from.

Your leadership has created programs such as the QETC package of tax credits for biotech companies. While good programs in their own right, time has shown us that there are fixes that need to be made to make the QETC program more user friendly, and enrichments to the credits to make them more significant to companies and investors. Enriching these programs, and others like the R&D tax credits in Gen*NY*Sis, along with creating new programs, such as the sale of Net Operating Loss credits, are ways the State can help biotech companies grow, and strengthen New York's ability to attract others here.

A second and perhaps equally important step is being mindful of policies that will serve to portray New York as inhospitable to the biotech industry. Policies that prohibit or put harsh constraints on disciplines within the biotech industry or biomedical research are

detrimental to the entire industry, and help paint New York as unfriendly to biotech. For example, anti-genetically modified organisms, or anti-GMO bills have a much broader industry effect than just on agricultural biotech firms. Bans of stem cell research push researchers and biotech companies away from New York and to states that have become proactive in not only supporting this research, but allowing state funds to be spent on it. Such is the case with our neighbor New Jersey, making it one of only two states, along with California, that have used these policies to position themselves as more biotech-friendly.

Finally, we all need to work together to amplify all the good news coming out of our industry, and the tremendous contributions New York has made to the biotechnology industry as a whole. Back in October, NYBA launched a promotion campaign under the slogan *The Cures Start Here™* to boost awareness of the State's biotech success. It is our belief that if you removed New York from history of the biotechnology industry, you would not have a biotech industry, or certainly not one as prominent as we see today across this country. Yet for years the biotechnology industry has overlooked New York and the great success we have had in discovering cures, founding companies and growing our industry. *The Cures Start Here™* underscores the fact that New York State's concentration of world-class universities; medical research institutions and biotechnology companies already make this one of the world's leading engines of advanced cure research. NYBA has made this campaign a chief priority, and we look to visionary leaders like you to help support us in spreading the message.

There is no doubt that New York's biotechnology industry stands at the edge of great success and achievement. With a strong commitment from New York State to work with the industry to help it grow, we will all realize our goal of being a leading center of biotechnology recognized around the country and the world. Thank you for the opportunity to speak to you today, and on behalf of the New York Biotechnology Association and its over 260 members, we very much look forward to continuing our strong working relationship with you, Senator Skelos, and your colleagues in the Senate.