

Dear Chairman Baucus, Chairman Camp, Ranking Member Hatch and Ranking Member Levin:

We are writing to express our support for an extension of the Therapeutic Discovery Project Tax Credit program (TDP) (I.R.C. §48D) as part of any tax extenders package. The TDP was enacted to encourage investment in new promising therapies to prevent, diagnose, and treat acute and chronic diseases. Extension of this program is critically important to U.S. economic growth, the future of our nation's public health, and our global leadership in innovative research and development of promising therapies. Specifically, an extension of the TDP would help companies continue the research and development of new therapies by funding activities such as conducting pre-clinical studies, employing scientists and researchers, purchasing equipment, and conducting clinical trials.

In 2010, the TDP provided \$1 billion of much-needed capital for small biotechnology companies. Companies with fewer than 250 employees which had made qualified investments in the development of promising new therapies designed to treat or prevent costly and chronic diseases were eligible for the program. Nearly 3,000 small companies received funds from the program for over 4,500 innovative projects. With this funding, these small companies were able to save and create high-quality, high-paying American jobs. The average annual wage of a bioscience worker is approximately \$77,595, which is 71 percent higher than the average annual wage for the private sector as a whole.

If the United States is to remain the undisputed global leader in biotechnology, capital infusion to provide small biotechnology companies with bridge financing is necessary. Investments in biotechnology are declining in both private and public markets. The total amount of capital raised by venture capital funds decreased by 25 percent between 2009 and 2010, representing the third consecutive year of decline. Over the past 3 years, there has been a 41 percent decrease in biomedical investments, a trend that is expected to continue.

While the U.S. still leads the world in biotechnology, other countries have significantly narrowed the gap in such innovation by their willingness to aggressively invest in the life sciences. Nearly one-third of small biotechnology companies reported that they have been approached to move their R&D operations to another country. For example, China and India are making biotechnology a major national priority by devoting significant capital resources. Recently, China announced a \$300 billion plan to invest in science and technology over the next five years. Similarly, India has instituted a biotechnology industry partnership program that has fostered a 20 percent growth rate in its biotechnology industry. If the U.S. does not match these initiatives, we could soon find ourselves losing our global lead to these countries.

Small biotechnology companies are an essential component of the intellectual infrastructure of America's 21st century economy. The therapies created by our industry will play a critical role in reducing healthcare costs, improving quality of life for patients, and creating high-quality, high-paying jobs. We look forward to working with Congress to support this legislation because it will foster much-needed research and development of promising new therapies.