

August 25, 2008

The Honorable Bart L. Graham  
Commissioner, Georgia Department of Revenue  
1800 Century Blvd. NE, Suite 15300  
Atlanta, GA 30345

Re: Notice Number ST-2008-2; Repeal of current Rule 560-12-1-.14  
"Conversions of Property by Dealer" and adoption of new Rule 560-12-1-  
.14 "Withdrawals from Inventory;" – Paragraph (15)

Dear Commissioner Graham:

The Biotechnology Industry Organization (BIO) appreciates the opportunity to provide comment on the State of Georgia Department of Revenue proposed amendment regarding Rule 560-12-1-.14 specifically Paragraph (15) entitled "Research and Development; Quality Control Testing." We ask for Paragraph (15) to be removed from the amended section. Proposing a tax on products used in research and in clinical trials puts the State of Georgia, as well as the bioscience companies conducting research there, at competitive disadvantage with every other state in the nation. This first-of-its-kind tax brands Georgia as unfriendly to research and the life sciences industry.

BIO represents more than 1,200 biotechnology companies, academic institutions, state biotechnology centers and related organizations across the United States and in more than 30 other nations. BIO companies' research leads to cures and treatments for disease. Today, there are 168 biotech products on the market and they have helped a quarter billion people worldwide. In addition, there are 371 biotech medicines in late stage clinical trials targeting more than 250 diseases including various cancers, Alzheimer's disease, heart disease, diabetes, multiple sclerosis, AIDS and arthritis.

The creation of a tax on products used in "research and development and quality control testing" will have the unintended effect of impeding growth of the state's bioscience industry. This tax places an immediate disincentive on conducting research or clinical trials in Georgia and could mean the loss of significant revenues to Georgia academic institutions and hospitals.

The timing of this tax could not be worse. Next year, Atlanta will host the 2009 Biotechnology Industry Organization International Convention, the largest biotechnology convention in the world. More than 20,000 people from around the world are expected to attend. Georgia should be in the process of building its reputation as being "open for bioscience business." This proposed tax will have the opposite effect.



**Biotechnology Industry Organization**

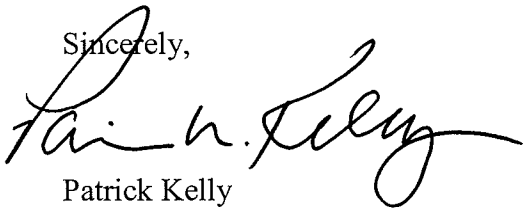
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In the last two years, the University of Georgia's College of Pharmacy established a clinical trials design and management certificate program and a pharmaceutical and biomedical regulatory affairs graduate certificate program. These programs were cited as a "best practice" in *Technology, Talent and Capital: State Bioscience Initiatives 2008\**, a report conducted by Battelle chronicling state efforts to support bioscience industry development. In addition, Georgia Tech, Emory and Georgia State universities are working with the life science industry to develop career pathways in the biosciences and offer programs to address specific industry needs, particularly in the area of clinical trials. The proposed tax is totally incongruent with these initiatives.

BIO strongly urges the Department to remove Paragraph 15 (Research and Development; Quality Control Testing) of the proposed new Rule 560-12-1-.14 creating a use tax on investigational products used in research and in clinical trials. This tax will harm Georgia's reputation as a center of excellence for bioscience research and development. We would be pleased to provide further input or clarification of our comments, as needed.

Sincerely,



Patrick Kelly  
Vice President  
State Government Relations  
Biotechnology Industry Organization  
(Member of the GeorgiaBio Board of Directors)

(\*) *Technology, Capital and Talent: State Bioscience Initiatives 2008*, published by Battelle for the Biotechnology Industry Organization. Available online at [www.bio.org/local/battelle2008/](http://www.bio.org/local/battelle2008/)

