

October 24, 2010

Governor Louis G. Fortuño
La Fortaleza
San Juan, Puerto Rico

Dear Governor Fortuño:

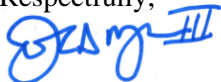
In what is currently one of the worst economic recessions to be experienced in our lifetime, the life sciences industry, and the biotechnology sector in particular, is defying all odds – Biotechnology companies are growing, adding jobs, and pushing the scientific envelope to produce important life-saving treatments. A bright spot of the current life sciences boom, and the larger more wide-spread biotechnology industry, is centered in Puerto Rico. In fact, recent reports indicate that more than 5 percent of Puerto Rico's employment base is found in the biopharmaceutical sector – over 22,000 jobs with an average annual salary of \$61,465. From 2006-2008, Puerto Rico saw venture capital inflow of more than \$30.8 million, and, in 2009 alone, over \$66 million in National Institutes of Health grants for health sector projects. By all accounts, the life sciences industry is crucial to economic growth in Puerto Rico. Unfortunately, however, BIO believes that the proposed foreign company tax provisions contained in House Substitute Bill 2526 stand to greatly diminish the capacity of innovative and cutting-edge life sciences companies to thrive in Puerto Rico.

As currently amended, H.B. 2526 proposes special taxes on certain activities and transactions conducted by foreign individuals and companies in Puerto Rico. As you may know, many of the innovative, high-paying biopharmaceutical industry jobs in Puerto Rico are through companies whose principal locations are outside of the Puerto Rico area. That said, Puerto Rico has historically proven itself to be a center of excellence in attracting foreign investment and venture capital from innovative biopharmaceutical companies and investors. These proposed taxes, however, will not only ensure that Puerto Rico's ability to attract new business investment will be constrained, but they will also lead to decreased innovation in the established Puerto Rico life sciences sector, and possibly even the migration of high-quality and high-wage jobs out of the area. This significant tax increase, which is being advanced without input from the public or any material opportunity for the affected businesses to comment, will negatively impact the operations of the many biopharmaceutical and medical device companies who have facilities in Puerto Rico – almost all of whom are represented by BIO. Sound investment and economic development decisions can only be advanced based on transparent and predictable tax and legislative policies, and we hope Puerto continues on that path.

BIO implores you, and the Legislature, not to take away Puerto Rico's leadership in the life sciences field.

I thank you in advance for your consideration of BIO's concerns. If I can be of any assistance to you or any of your colleagues on this, or any other life sciences issue, please do not hesitate to contact me.

Respectfully,



John A. Murphy III, Esq.
Director, State Government Relations
Biotechnology Industry Organization

About BIO: BIO is a national trade organization, based in Washington, D.C., representing more than 1,100 biotechnology companies, academic institutions, state biotechnology centers, and related organizations across the United States and 31 other nations. BIO members are involved in the research and development of healthcare, agricultural, industrial and environmental biotechnology products.