



James C. Greenwood
President & CEO

March 24, 2011

The Honorable Anna G. Eshoo
U.S. House of Representatives
205 Cannon House Office Building
Washington, D.C. 20515

Dear Representative Eshoo:

On behalf of the Biotechnology Industry Organization (BIO) and its more than 1,100 member companies, academic institutions, state biotechnology centers and related organizations in all 50 states, I am writing to express our strong support for H.R. 942, the American Research and Competitiveness Act of 2011, your legislation to strengthen and make permanent the Research and Development (R&D) Tax Credit.

The U.S. biotechnology industry is very R&D-intensive with more than \$22 billion in 2009 invested by public biotech companies in research for new therapies and cures. There are currently more than 400 biotech drug products and vaccines in clinical trials targeting more than 200 diseases, including various cancers, Alzheimer's disease, heart disease, diabetes, multiple sclerosis, AIDS and arthritis. Yet the large majority of America's biotechnology companies are small, research-intensive companies that are not profitable because they do not yet have a product approved by the FDA for sale. These companies struggle to raise capital to finance R&D and to make necessary capital investments for the 8 to 12 years and \$1 billion or more it will typically take to bring a new cutting-edge therapy to the marketplace. As such, America's biotech companies rely on a stable and predictable R&D credit as they make planning decisions regarding their R&D investments for the coming years.

A permanent R&D credit will provide greater certainty and assist American biotechnology companies as they plan future research investments in the U.S. Likewise, an increase in the Alternative Simplified Credit (ASC) rate to 20 percent – as included in your legislation - will make U.S.-based R&D more attractive relative to the research incentives offered by many foreign governments seeking to foster their own biotechnology industries.

In order to support and foster creation of the high-wage jobs associated with R&D in the biotechnology industry, as well as other sectors of our economy, BIO strongly supports swift enactment of a strengthened R&D tax credit as accomplished by H.R. 942. I commend you for your leadership on this important legislation.

Sincerely,

A handwritten signature in black ink that reads "Jim Greenwood". The signature is fluid and cursive, with the first name "Jim" and last name "Greenwood" clearly legible.

James C. Greenwood
President and CEO
Biotechnology Industry Organization