



## **Testimony of the Biotechnology Industry Organization**

### **Submitted to the House Economic Development and Business Concerns Committee**

February 12, 2004

#### ***Regarding House Bill 2034: The Prohibition of Bioprospecting on Public Lands***

On behalf of the Biotechnology Industry Organization (BIO), please accept this testimony in opposition to House Bill (HB) 2034. This legislation would prohibit bioprospecting on public lands. Bioprospecting is the search for previously undiscovered microbes and natural compounds in a variety of ecosystems. These microbes and compounds can have highly unique characteristics with unmatched applications and benefits in many arenas, including medicine, manufacturing and scientific research.

BIO is the national trade association for the biotechnology industry, representing more than 1,000 member companies in the United States and in 33 nations. Our organization has worked closely with the State of Hawaii for the past several years to grow and attract technology-based industries that bring high-skill, high-wage jobs to the state. We continue to work with the Hawaii Department of Business Economic Development and Tourism (DBEDT), the Hawaii High Technology Development Corporation (HTDC) and the University of Hawaii to promote biotechnology industry development in Hawaii.

The biotechnology industry is committed to the socially responsible use of biotechnology to save or improve lives, improve the quality and abundance of food, and improve the environment. We encourage discussion of the ethical and social implications of scientific developments in biotechnology

research. The resolution of bioethical issues requires broad public discourse. We acknowledge our responsibility to consider the interests and ideas of all segments of society and to be sensitive to cultural and religious differences. We seek an open dialogue with patients, ethicists, religious leaders, health care providers, environmentalists, consumers, legislators, and other groups who share an interest in bioethical issues.

BIO seeks to promote safe experimental and industrial practices within to protect and serve public interests, maintain the integrity of the environment and other living organisms. There are a host of companies as well as non-profit organizations actively involved in looking for biological resources that can be responsibly collected and harnessed for the good of mankind and our natural environment. Our industry believes this activity can be conducted responsibly and without harming biodiversity or local ecosystems.

BIO will continue to support the preservation of biodiversity. The genetic variation of animals, plants and other organisms is a valuable natural resource. The environment is constantly changing, and without an adequate store of genetic diversity, organisms will not be able to adapt. The biotechnology industry is working to help to catalog and conserve these precious resources.

Biotechnology, by definition, depends upon the preservation of biological diversity, which is evident throughout Hawaii. As such, private and public entities with biotech research interests are working to sustain the aesthetic, ecological, and economically valuable resources that biodiversity provides.

We believe a prohibition on bioprospecting would damage not only advancement of important biological research but could undermine the economic policies and interests of the state. Hawaii is heavily invested in supporting biotech research and growing the industry's presence in the state. Here are few examples of the state's investment in life science and biotechnology industry development:

*Hawaii's academic institutions invest approximately \$60 million on life sciences research and development (R&D) annually.* This investment continues to grow each year and has increased about 60 percent over the last ten years. (*State Government Initiatives in Biotechnology 2001, Battelle Memorial Institute.*)

*The University of Hawaii is updating and expanding its medical facility in Kaka'ako Construction of an updated, expanded medical school facility.* The Legislature allotted \$150 million of tobacco settlement funds for revenue bonds to finance the first phase, which will be occupied as early as 2005 and include a 216,000-square-foot research facility and a 138,000-square-foot for education and administration building. This undertaking is projected to generate \$80 million to \$100 million into the state annual revenues and create 1,000 new jobs.

*Hawaii's Department of Business, Economic Development & Tourism has identified the biotech industry as a strategic growth industry.* In 1999, it released "Biotechnology in Hawaii: A Blueprint for Growth," which outlines several strategies for promoting an indigenous biotech industry in the state. This document identified several strategies for the state to undertake, including the following initiatives: "expanding venture capital for the biotechnology sector; implementing a tax structure that provides incentives for high technology product development companies; improving the transfer of university developed technologies; and developing a bio-age curriculum."

Many of these objectives have come to fruition. For example, in exchange for equity, the Hawaii High Technology Development Corporation (HTDC) leverages public funds with those from the federal government and private sources to provide investment capital in biotech and other industries. In addition, there are several tax policies in place including: a high-technology business investment tax credit, a tax credit for increased research activities, net operating loss carryover, ability to exclude high-tech royalties from gross income, as well as a tax exemption on stock options from qualified high tech businesses.



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The State of Hawaii has made great strides towards improving the climate for entrepreneurial industries like biotechnology. House Bill 2034, if enacted could have a chilling effect on the state's significant progress towards building a technology-based economy. We feel this legislation is out of sync with the state's policy objectives and encourage the legislature to oppose House Bill 2034.

We thank you for your consideration and stand prepared to answer any questions or provide additional information to the committee as needed. Please contact Patrick Kelly, Vice President, State Government Relations at (202) 962-9200, or by e-mail [pkelly@bio.org](mailto:pkelly@bio.org).

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