



YEAR IN REVIEW 2016/17



PROTECTING AND IMPROVING STATE POLICIES THAT ENCOURAGE LIFE SCIENCE INNOVATION, PROTECTING AND IMPROVING NORTH CAROLINA'S BUSINESS CLIMATE AS A LOCATION FOR LIFE SCIENCE MANUFACTURING AND SERVICE ORGANIZATIONS, AND PROTECTING AND IMPROVING NORTH CAROLINA'S CLIMATE AS A MARKET FOR LIFE SCIENCE PRODUCTS WERE NC BIO'S FOCUS AREAS IN 2016-17.

The life science industry in North Carolina continues to grow with new companies moving in and existing companies expanding. According to information released by TEconomy Partners LLC, "North Carolina's life science industry is on a high-growth trajectory in recent years, led by rapid growth in some of its largest and highest-paying industry subsectors, and acting as a core driver of the state's economy...These gains, as one would expect, are translating into broader, steadily rising economic impacts. The total economic impact of the state's life science industry exceeded \$86 billion in 2016, rising an impressive 34 percent during the current economic expansion." A series of reports released by PhRMA highlighted North Carolina's position as a top state in the nation for driving innovation and economic growth for the 21st Century through efforts to attract and grow the biopharmaceutical industry amid an increasingly competitive global environment.

"These reports reflect the commitment state leaders have made to the industry, and we are pleased with the recognition North Carolina has received," stated NC BIO President Sam Taylor.

A new Joint Legislative Life Science Caucus organized by the General Assembly provided NC BIO the opportunity to discuss the diversity of the industry in North Carolina, educate lawmakers about the value of prescription medicines, showcase the training programs the state has supported to draw new companies to the state, and encourage the expansion of existing industries.

At the federal level, NC BIO worked with national partners on tax incentives for innovation, the Food and Drug Reauthorization Act, repeal of the Medical Device Tax, opposition to changes in Medicare Parts B and D, and a variety of other issues to strengthen North Carolina's life science industry.

NC BIO increased its efforts to provide networking and education opportunities for members, encouraged new ways for members to increase advocacy activities, and strengthened collaborations with other groups so members could interact with those organizations and get discounts to state and national conferences. 



2017 NC BIO Legislative Reception

STATE ADVOCACY

The General Assembly's newly established Joint Legislative Life Science Caucus gave NC BIO (the Organization) an additional avenue for educating lawmakers about the industry and the life science legislative agenda. The Caucus was expected to only hold two meetings during the session, but ultimately held six and has plans to tour various regions of North Carolina during the interim before the 2018 session to find out more about the sector.

Legislators and NC BIO members talked about the future of the life science industry in North Carolina at the 2017 Annual Legislative Reception on April 5th. "We were pleased with the attendance and glad that three of the four Co-Chairs of the Legislative Life Science Caucus and other Caucus members were at the event," said NC BIO President Sam Taylor. "NC BIO members had a chance to share information about their companies and the impact of our industry on the state's economy."

While part of the NC BIO legislative agenda gained strong support during the session:

- Funding for the North Carolina Biotechnology Center is continued at \$13.6M, the amount appropriated in 2015-17. Funding restrictions proposed by the State Senate were not in the final budget.
- Legislators eliminated the state's privilege tax on manufacturing and R&D equipment. Purchasers of these items currently pay a privilege tax of 1% or \$80, whichever is less. Beginning July 1, 2018, manufacturing and R&D companies will not pay tax on these equipment purchases.
- No money was provided for the One North Carolina Small Business Fund, which provides state matching grants to companies that receive federal SBIR/STTR grants. An effort to eliminate the Office of Science, Technology and Innovation, which administers the Fund, failed.

Other items will require renewed efforts during the 2018 session:

- NC BIO pushed for additional funding for the NC BioImpact training program. The General Assembly appropriated \$500,000 in non-recurring funding for the BTEC facility at NC State University to help meet industry demand for undergraduate students with engineering and similar backgrounds. NC BIO is working with the Life Science Caucus to review the needs of BTEC, BRITE at North Carolina Central University and the NC Community College BioNetwork program to determine future funding priorities.
- NC BIO helped develop a House proposal to allow small R&D companies to receive a refund on certain sales taxes, but the provision was not included in the final 2017 tax package.
- Legislators once again failed to agree on compromise legislation to implement market-based sourcing for North Carolina taxpayers. The measure, which would reduce North Carolina taxable income for many multi-state service companies, would benefit many of North Carolina's large contract research organizations. *(NC BIO has set up a CRO working group to assist with this issue.)*

The final budget included \$100,000 for the NCEast Alliance to advance the life science sector in eastern North Carolina, and \$4.4 million to equip the Food Processing Innovation Center at the North Carolina Research Campus in Kannapolis, along with \$700,000 in recurring funds for leasing costs.

The 2017 legislative session produced significant future tax reductions for businesses and individuals in North Carolina. Corporate taxpayers will see their tax rate reduced from 3% to 2.5% in 2019. Personal income tax rates will drop in 2019 from 5.499% to 5.25%.

FEDERAL ADVOCACY

Repeal of the medical device tax and enactment of the Food and Drug Reauthorization Act (FDARA), which included reauthorization of both the prescription drug and medical device user fee acts, are among the issues NC BIO discussed with the Congressional Delegation. Other topics included: tax incentives for investment in innovation; full appropriations for NIH, BARDA and other discovery programs; opposition to changes in Medicare Parts B and D; support for the Renewable Fuel Standard (RFS); support for predictable, risk-based regulatory system for agriculture and animal products; support for the “One-Health” approach that recognizes the interconnectedness of human, animal and environmental health; and the successful passage of a national GMO food disclosure solution. In late 2016, NC BIO worked on the passage the 21st Century Cures Act.

NC BIO President Sam Taylor presented leadership awards from We Work for Health and PhRMA to Rep. Patrick McHenry (R-10th District) and Rep. G.K. Butterfield (D-1st District) during the annual We Work for Health Summit in Washington, D.C. Taylor and We Work for Health advocates met with ten Congressional

offices during the Summit. Laura Gunter, NC BIO Membership Director and Government Affairs, met with the Congressional members and staff during the BIO Fly-In. NC BIO also participated in meetings with Congressional members when they were in North Carolina.

In addition to those efforts, NC BIO has partnered on BIO ACTION, a new effort by BIO to help NC BIO members and other BIO members speak out on federal, state and local issues. This advocacy program keeps members informed of emerging policy issues and challenges to biotechnology innovation. The Organization has also worked with PhRMA on the GoBoldly™ campaign, titled Together, which featured stories of researchers developing cutting-edge breakthroughs alongside patients fighting for their lives with the help of biopharmaceutical innovation.

At the federal level, NC BIO partnered and continues to partner with BIO, PhRMA, AdvaMed, MDMA, and other organizations. Through these collaborations, members are also able to receive discounts to many national conferences and conventions.

PARTNERSHIPS AND COLLABORATIONS:

NC BIO has increased the number of partnerships with other organizations. As a result, NC BIO members had enhanced access to the CED Life Science Conference in February, the Johnson & Johnson Innovation event in April, the Clinical Trial Supply Southeast Conference in May, and the Precision Medicine World Conference at Duke in May. NC BIO members had discounts to the BIO 2017 Convention in San Diego, and NC BIO was a sponsor of the North Carolina reception at BIO 2017 hosted by the North Carolina Biotechnology Center.



BIO BUSINESS SOLUTIONS provides NC BIO members deep price discounts for a host of products and services used by life science companies. The program aggregates the purchasing power of over 3,000 biotech companies from North America. Three new vendors were added to the program this year; American Laboratory Trading (ALT), Illumina and UPS. If you have an interest in this program, contact Laura Gunter, lgunter@ncbioscience.net.



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1 Patrick Jordan of Quintiles makes presentation to Life Science Caucus meeting

2 Tim Willis of MedIVentures talks at Medical Device Forum

3 NCCU BRITE Career Fair

4 Rep. Nelson Dollar and Sam Taylor at NC BIO Legislative Forum



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SPONSOR THANKS:



NCBIO thanks our members for the support provided through membership dues, supplemental dues payments, sponsorships for forums and other events, and participation in our many activities throughout the year. Membership support is essential to the Organization's ability to offer members a number of forums, the Legislative Reception, the Annual Meeting and other opportunities. Contact Laura Gunter, lgunter@ncbioscience.net, if you are interested in sponsoring one of our many events.



MEMBERSHIP ACTIVITIES

Connecting members through networking activities and providing a range of education opportunities are the primary focus of NCBIO forums and other events. Funding options for early seed and startup stage companies was the topic for a **Life Science Forum** in February 2017. Joe Nixon, Vice President of Business and Technology Development, North Carolina Biotechnology Center; Clay Thorp, General Partner, Hatteras Venture Partners; Jessica Kenyon, Vice President, The Conafay Group; and Sanjeev Munshi, Ph.D., Director of Business Development and Licensing, Merck; served on a panel moderated by Jeff Abbey, CEO, Argos Therapeutics.

The Life Science Medical Device Forum in May 2017 provided advice to members on Navigating the FDA – Challenges and Opportunities. "Combination products are a big challenge for the FDA and will become more so as the lines between the types of products continue to diminish," stated panel moderator Daniel Schultz, M.D., F.A.C.S., Principal, Medical Devices & Combination Products, Greenleaf Health and former Director of the Center for Devices and Radiological Health, FDA. Panelists sharing expertise were Patrick Daly, President and Chief Executive Officer, Cohera Medical; Tim Willis, Chief Executive Officer and Founder, MED1 Ventures; and Tammy Carrea, Vice President of Quality & Regulatory, Baebies.

NCBIO hosted a reception in August 2017 for **CRO/CDMO members** and potential new members. Issues such as "market based sourcing" tax changes (which would provide meaningful tax relief to many of the companies) and recruitment of clinical research assistants were discussed. Working groups to address these issues will be formed this fall.

New products, custom manufacturing services, preparedness pre-assessments and energy efficiency were among the topics at the December **Biotech Manufacturers Forum (BMF) 2016** meeting. Greg Fields of Duke Energy, Joe Cintavey of W.L. Gore and Associates, and Bob Simmons of VWR were panelists for the event.

Dr. Pamela Howze with the NC Department of Commerce outlined apprenticeship training programs at the March meeting, and Trevis McCullough, Jr., a Wake Tech student and apprentice at GSK, talked with members about his apprenticeship experience and how it was preparing him for a career in engineering. BMF got a view of current issues and future trends in biomanufacturing at the June meeting. Speakers were Michael Porter, Director, Technical Operations, Merck; and Christa Myers, Senior Pharmaceutical Engineering Specialist, CRB. At meeting in September, John Cassimatis, Co-Founder and President of TayganPoint Consulting Group presented Approaches and Lessons Learned in Leading Business Transformation. For more information about BMF, contact BMF Program Manager John Wagner, jwagner@ncbioscience.net.

The BMF again supported the bi-annual Safety Summit, which was sponsored by Pfizer and Duke Energy. As part of NCBIO's work with the NCBIImpact training program, BMF is representing NCBIO in the new NIIMBL (National Institute for Innovation in Manufacturing and Biopharmaceuticals) activities. Former FDA Commissioner, Dr. Robert Califf, was a speaker at a luncheon hosted by the UNC School of Pharmacy, BMF and NCCU BRITE. BMF also supported the BRITE Career Expo to provide job and internship opportunities for students getting degrees at the university.



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NEW AT NCBIO IN 2016-17

NCBIO moved to new office space in 2017. The new offices are located in **Suite 105, Nottingham Hall, 4505 Emperor Blvd., Durham, NC**. Please come by for a visit. The Organization also added a new staff member, Amber Niebauer, as our Events Director, allowing us to provide more networking opportunities for you and to collaborate with more organizations to offer you discounts to state and national meetings. We look forward to working with you in 2017-18. Please feel free to contact us with your ideas about ways to strengthen the life science industry in North Carolina. Be sure your communications and news releases are sent to Brenda Summers, bsummers@ncbioscience.net, for inclusion in the NCBIO monthly newsletter and LinkedIn and Twitter.

Reach NCBIO by telephone at (919) 281-8960.

NCBIO's mailing address is P.O. Box 14354, Research Triangle Park, NC 27709.