

Life Science Caucus Talking Points

31-May-2017

- **Support the preliminary House budget position by fully funding the North Carolina Biotechnology Center. Delete special provisions in the Senate budget** that would hamstring the Center. The Senate budget combines a \$700,000 cut with requirements that the Center (1) raise \$1 in non-state funds for every \$4 it receives in state funds,¹ (2) limit administrative expenditures to 10% of the Center's state funding,² (the House budgets limits administrative funding to 13.7%) and (3) require 75% of the Center's state-funded awards be in the form of loans.³ **Any one of these provisions would greatly hinder the Center's core mission** of responding strategically to opportunities throughout the State.
- **Restore \$3.5M annually in non-recurring funds cut by the Senate for the SBIR matching grant program.** Neither the House nor Senate fully funds the program. The Senate budget would eliminate the program; the preliminary House budget provides only \$1M. SBIR grants are federal research awards to small businesses with promising technologies. **The program attracts innovators to North Carolina and helps bridge the gap between start-up research and private sector funding. SC, KY, & VA have copied NC's program.**
- **Support the preliminary House position to fully fund the North Carolina Office of Science, Technology and Innovation. The Senate budget eliminates the Office.** The Office supports the North Carolina Board of Science, Technology & Innovation. Together, the Office and the Board help **keep North Carolina policy makers informed of emerging technologies that will drive future economic growth.**
- **Increase funding for the Biomanufacturing Training and Education Center (BTEC) at North Carolina State University by \$1.5M⁴ in each year of the biennium and fund equipment replacement and repair at North Carolina Central University's BRITE biotechnology teaching program. North Carolina biomanufacturing companies are expected to create between 300 and 500 new undergraduate engineering jobs in the next two to three years.** Neither the Senate nor the House preliminary budget increases funding for BTEC or BRITE.
- **Support the sales tax refund for R&D supplies in the House budget finance package.** The refund allows small R&D companies in tier three counties to apply annually for a refund of sales tax paid on R&D supplies. Small R&D companies in tier one and two counties are permitted to take either the full refund for supplies, or a refund of 50% of the state portion of all sales taxes paid by the company. Refunds are limited to \$20,000 per company and to \$15 million statewide. **The refund will help innovators across the state get more "bang" for the venture and angel funder "bucks" that these companies work diligently to raise.** Just last week a company that would have been eligible for refunds launched a \$108M initial public offering.

¹ The matching funds requirement will divert the Center's energies from serving the best interests of the state, and instead to serving interests more aligned with donors.

² The 10% limit on administrative funds does not account for the human resource intensive nature of the Center's work, nor the accounting-intensive requirements of making, tracking, and closing loan and grant arrangements and complying with State auditing and reporting requirements.

³ The requirement to invest 75% of award program appropriations in loans would preclude the Center from making economic development awards for company recruitment. In 2016 alone, these awards included 16 projects with projected economic activity of \$2.8B, 2,158 jobs and \$73M in state and local taxes. The limitation would also impair the Center's ability to provide grants to university researchers seeking a path to commercialization.

⁴ The additional funding for BTEC can be in either recurring or non-recurring monies, since industry-experienced faculty for the Center can be hired on a contract basis.

Life Science Impact Data

<p>Life Science Sector</p> <p>These impact numbers are for the life science sector as a whole in North Carolina</p>	<p>In 2016:⁵</p> <ul style="list-style-type: none"> • Economic Impact: \$86 Billion • Companies: 650 • Direct Employment: 63,000 • Direct Wages: \$6.6 Billion • Indirect Employment: 260,000 • State & Local Tax Revenues: \$2.2 Billion
<p>North Carolina Biotechnology Center</p> <p>These impact numbers are based solely on loans and grants made by the North Carolina Biotechnology Center</p>	<p>Based on activity since 1989⁶</p> <ul style="list-style-type: none"> • Loans: \$108 for every \$1 in loans • Grants: \$28 for every \$1 in grants <p>Loan portfolio direct, indirect and induced impacts in 2016:⁷</p> <ul style="list-style-type: none"> • Economic impact: \$4.3 Billion • Jobs: 12,700 jobs • Annual Wages: \$887 million • State and Local Tax Revenues: \$115.9 Million
<p>SBIR Matching Grant Program Also known as the One North Carolina Small Business Program.</p> <p>These impact numbers are based on grants made by the SBIR matching grant program since its inception. Average grant size is \$63,000. Average awardee employs ten.</p>	<p>For all projects since inception:⁸</p> <ul style="list-style-type: none"> • Awardees: 240 small business • Cities with awardee companies: 45 • Counties with awardee companies: 25 <p>For projects <i>completed</i> since inception:⁹</p> <ul style="list-style-type: none"> • Direct Jobs: 600 • Return on Investment: \$9 in private investments and follow-on federal grants for every \$1 in awards • State & Local Tax Revenues: \$4.5M (annual average)
<p>CRO Industry</p> <p>These impact numbers show American CRO industry association employment in North Carolina and average US wages.</p> <p>Also shown are estimated economic impacts of clinical trials conducted in North Carolina.</p>	<p>Current industry strength:¹⁰</p> <ul style="list-style-type: none"> • Four of the top seven CROs in the world call North Carolina home: QuintilesIMS, PPD, INC Research, and PRA Health Sciences. • ACRO Member Employment: 14,000 • US Average Wage: \$62,979. <p>Clinical Trials Impact in 2013:¹¹</p> <ul style="list-style-type: none"> • Active Site-Based Clinical Trials: 1,779 • Investment in Trials: \$400 Million • Economic Impact: \$1 Billion

⁵ Source: Teconomy Report for North Carolina Biotechnology Center

⁶ Source: North Carolina Biotechnology Center

⁷ Source: Teconomy Report for North Carolina Biotechnology Center

⁸ Source: Office of Science, Technology & Innovation

⁹ Source: Office of Science, Technology & Innovation

¹⁰ Source: ACRO (American Clinical Research Organizations)

¹¹ Source: Teconomy Report for PhRMA (Pharmaceutical Research & Manufacturers of America)