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May 31, 2013

Governor Edmund G. Brown, Jr.  
State Capitol Suite 1173  
Sacramento, California 95814

**RE: Economic Development Proposal**

Dear Governor Brown:

On behalf of BayBio – Northern California’s life sciences association representing more than 1,200 biotechnology, pharmaceutical, medical device, diagnostics, research tools, and bioagricultural companies – I am writing in support of many of the concepts outlined in the Governor’s Job Creation and Economic Development proposal in the May Revision of the 2013- 2014 California state budget. Northern California is the oldest, largest and most productive life sciences cluster in the world, employing more than 125,000 people in our region. Statewide, the life sciences provide more than 268,000 jobs.

We support efforts to increase California’s economic competitiveness in the life sciences arena. Fostering the economic growth of the life sciences will pay dividends to the state. Indeed, in addition to the 270,000 directly employed by the industry, it is estimated that there is a multiplier effect of five for the life sciences – that is, each direct employee accounts for five additional jobs brought to the state in support of personal and general economic development. Few other industries can boast a similar return on investment. Other states have taken notice, and are using lower tax rates and economic incentives to try to attract new business. BayBio has long advocated, with many others, for a state sales tax exemption for equipment used in life science research and development, as the manufacturing and operation of this equipment creates high wage, low environmental impact jobs. Creating a sales tax exemption will encourage biotechnology companies to stay and grow in California.

The California Competes Credit can become an important tool in growing the life science economy in the Golden State. With this, GO-BIZ can show that California is an economically viable option in an increasingly competitive global siting market.

As an association whose membership includes companies in the medical device and diagnostic fields, it is our hope that the trailer bill language concerning the sales tax exemption would include these facets of the life science industry as well as biotechnology. For these reasons, we are pleased to conceptually support your Job Creation and Economic Development proposal, and look forward to working with your office to refine trailer bill language. Please feel free to contact me with any questions or concerns at 650.871.3259 or [ritchard@baybio.org](mailto:ritchard@baybio.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Ritchard A. Engelhardt".

Ritchard Engelhardt  
Vice President of Government Affairs

cc : Senate President pro Tempore Darrell Steinberg  
Senator Bob Huff, Republican Leader  
Speaker of the Assembly John A. Pérez  
Assembly Member Connie Conway, Republican Leader