

# NEWS

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Contact: Molly Ingraham

858-551-6677 or [ingraham@chi.org](mailto:ingraham@chi.org)

**CALIFORNIA HEALTHCARE INSTITUTE URGES CONGRESS TO ACT ON R&D TAX CREDIT**

**LA JOLLA, California, November 14, 2006** – The California Healthcare Institute (CHI) today urged support for congressional action to extend the federal research and development (R&D) tax credit before the end of this year. The credit, which expired on December 31, 2005, provides companies with an important incentive to make high-risk investments, leading to the development of innovative life saving therapies and medical technologies, thus stimulating job creation and economic growth.

“California’s biomedical industry strongly urges Congress to act on this issue and send the president legislation containing a seamless and strengthened R&D tax credit before the new year,” said David L. Gollaher, Ph.D., CHI president and chief executive officer.

California is the worldwide leader in biomedical research and development with over 2,700 biomedical companies and 100 public and private research institutions advancing scientific knowledge and developing new treatments for serious ailments such as cancer, diabetes, HIV/AIDS as well as cardiovascular, respiratory and infectious diseases. To succeed, more than any other industry, biomedical companies face extraordinary financial challenges, requiring investments of up to \$1 billion over 10 to 15 years before a product can progress from the lab, through the arduous Food and Drug Administration (FDA) approval process, to patients in need.

On average, California’s biomedical community invests four times more on R&D than any other high-tech industry. In 2005, total reported private investment in R&D from California biomedical firms was \$26 billion, with the average company channeling 42 percent of its revenues back into R&D. Because of the long product development process for innovative drugs and medical technologies, companies must plan key investment decisions years in advance. The federal R&D tax credit encourages outlays for biomedical innovation by creating incentives for research that companies could not otherwise afford.

“The uncertainty surrounding the future of the credit and the unpredictability of year-to-year extensions make long-term planning very difficult,” said Gollaher. “It is imperative that Congress enact a

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HEADQUARTERS  
1020 Prospect Street, Suite 310  
La Jolla, California 92037  
858.551.6677 ■ Fax 858.551.6688

SACRAMENTO  
1215 K Street, Suite 970  
Sacramento, California 95814  
916.233.3497 ■ Fax 916.233.3498

permanent R&D credit that will provide companies the appropriate incentives to allow them to continue their operations in the U.S. at a time when foreign countries are aggressively recruiting high-tech industries to move offshore.”

CHI – California Healthcare Institute ([www.chi.org](http://www.chi.org)) is a non-profit public policy research organization for California’s biomedical R&D industry. CHI represents more than 250 leading medical device, biotechnology, diagnostics and pharmaceutical companies and public and private academic biomedical research organizations. CHI’s mission is to advance responsible public policies that foster medical innovation and promote scientific discovery.

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