



Assembly Bill 593: The Golden State Innovation Act of 2021

SUMMARY

AB 593 will fuel job growth and innovation through the restoration of the Research and Development (R&D) Tax Credit and Net Operating Loss (NOL) options for Life Sciences companies in California for tax years 2021 and 2022.

BACKGROUND

The Life Sciences industry is a cornerstone of CA's economy. Last year alone, the sector directly employed over 323,000 people, generated \$191.6B in revenue, paid \$40 billion in wages, and paid more than \$17.5 billion in federal, state and local taxes. The 3,766 Life Sciences companies in California are producing new life-saving technologies and are home to nearly one-quarter of the nation's clinical trials. Millions of people around the world look to California Life Sciences companies for hope in the fight against their diseases and illnesses affecting loved ones.

As a result of the COVID-19 pandemic, the 2019-2020 budget limited the use of business incentive tax credits for research and development to no more than \$5 million for tax years 2020, 2021 & 2022. In addition, it suspended the use of the net operating loss deduction for businesses with revenues in excess of \$1 million.

NEED FOR THE BILL

The COVID-19 pandemic has weakened California's robust economy. As we look to

move past this crisis and to steer our economy in the right direction, it is these tax credits and net operating loss deductions that will incentivize continued job creation and the development of life-saving therapies by the state's Life Sciences companies. These companies can play a crucial role in the state's recovery given the significant footprint of this sector today and the opportunities for increased job growth.

In 2019, California companies had 1,380 new medicines in the pipeline. These included 455 medicines for cancer, 136 for central nervous system (CNS) disorders and 105 for infectious diseases.

Life Sciences companies in the U.S. – including many smaller innovative companies - are actively working with 788 unique clinical and pre-clinical compounds to develop either treatment or protection against COVID-19. Not only is support for vaccine and treatment development important to solving the COVID-19 pandemic but also assures the best access and utilization of COVID-19 treatments, anti-virals and vaccines for California's citizens. The state must prioritize the Life Sciences industry as it looks to continue innovation and workforce development while solving the COVID-19 crisis.

Economic reports show that advances in biological sciences are fueling unprecedented innovation which if properly supported and

encouraged could have profound impacts not only on California's economy and increasing the number of high-paying jobs but our ability through bioinnovation to address the current pandemic, its inevitable long-term health impacts and any future crises.

SOLUTION

By reinstating the R&D Tax Credit and NOL for Life Sciences companies, AB 593 will assist in the state's economic recovery through incentivizing job development in biosciences and further solidifying California as a leader in Life Sciences innovation.

LEGISLATIVE SUPPORT

Joint Authors: Daly (A), Irwin (A), Mullin (A)

Principal Co-authors: Cooper (A), Pan (S)

Co-authors: Aguiar-Curry (A), Berman (A), Bates (S), Bauer-Kahan (A), Choi (A), Cunningham (A), Davies (A), Dodd (A), Gray (A), Grayson (A), Levine (A), Low (A), Maienschein (A), Mayes (A), Min (S), Patterson (A), L. Rivas (A), Salas (A), Valladares (A), Villapudua (A), Waldron (A), Ward (A), Wilk(S)

SUPPORT

Advanced Medical Technology Association

American Cancer Society

AMGEN

Bayer

Biocom (Sponsor)

Bioscience LA

Biotechnology Innovation Organization

California Access Coalition

California Biomedical Research Association

California Chronic Care Coalition

California Institute for Regenerative Medicine

California Life Sciences Association (Sponsor)

CAL RARE

Conejo Valley Chamber of Commerce

Dexcom

Edwards Lifesciences

Expanesthetics Inc.

Horizon Therapeutics

Inari Medical

Masimo Corporation

Objective Capital Partners

CONTACT

Lizzie Cootsona | Legislative/Press Aide

Assemblywoman Cottie Petrie-Norris

Lizzie.Cootsona@asm.ca.gov | (916) 319-2074