



September 1, 2021

The Honorable Anthony Rendon  
Speaker of the California State Assembly  
State Capitol, Room 219  
Sacramento, CA. 95814

The Honorable Phil Ting  
Chair, Assembly Budget Committee  
State Capitol, Room 6026  
Sacramento, CA. 95814

**Re: Request for Restoration of R&D Tax Credits and Net Operating Loss Options for Life Sciences Companies**

Dear Colleagues:

We respectfully request restoration of the Research and Development (R&D) Tax Credit and Net Operating Loss (NOL) options for life sciences companies for tax years 2021 and 2022.

In response to the economic impact 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.

Reductions to the R&D tax credit and NOL deduction were intended to help California survive the anticipated fiscal shortfall brought by the COVID-19 pandemic. With the state's fiscal situation in much better shape, these cuts should be restored.

As we look to move past this crisis and steer our economy in the right direction, these tax credits and net operating loss deductions will incentivize continued job creation and the development of life-saving therapies by California's life sciences companies as well as innovative solutions that will combat the global climate crisis.

The life sciences industry is a cornerstone of California's economy. Last year alone, the sector employed over 323,000 people, generated \$191.6 billion in revenue, paid \$40 billion in wages, and paid more than \$17.5 billion in federal, state and local taxes. The state's 3,766 life sciences companies are producing new life-saving technologies and are home to nearly one-quarter of the nation's clinical trials.

Our recovery from the COVID-19 Pandemic is due to the hard work of scientists and years of research by life sciences companies, many of which are based in California. Three FDA-approved

vaccines, more than 225 FDA-approved tests and 10 FDA-approved treatments have been developed. As a result, millions of lives have been saved and California has one of the highest vaccination rates at 47%.

The companies are also positioned to be vital in the fight against climate change. California life sciences companies have delivered vital climate solutions, including the development of biofuels, biobased plastics and carbon capturing technology. These companies hold the potential to provide transformative climate solutions for a broad spectrum of industrial sectors.

By reinstating the R&D tax credit and NOL deduction for biotechnology companies, the Legislature will assist in the state's long road to full economic recovery through incentivizing job development in biosciences and further solidifying California as a leader in biotech innovation.

Thank you for your consideration of this request.

Sincerely,



---

Cottie Petrie-Norris, AD 74



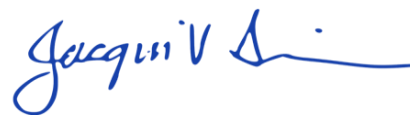
---

Kevin Mullin, AD 22



---

Tom Daly, AD 69



---

Jacqui Irwin, AD 44



---

Cecilia Aguiar-Curry, AD 04



---

Rebecca Bauer-Kahan, AD 16



---

Steve Bennett, AD 37



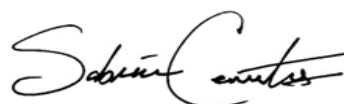
---

Marc Berman, AD 24



---

Isaac Bryan, AD 54



---

Sabrina Cervantes, AD 60

*Steven S. Choi*

---

Steven Choi, AD 68

*Jim Cooper*

---

Jim Cooper, AD 09

*Vince Fong*

---

Vince Fong, AD 34

*Jesse Gabriel*

---

Jesse Gabriel, AD 45

*Timothy S. Grayson*

---

Tim Grayson, AD 14

*Thomas Lackey*

---

Tom Lackey, AD 36

*Evan Low*

---

Evan Low, AD 28

*Ken Cooley*

---

Ken Cooley, AD 08

*Jordan Cunningham*

---

Jordan Cunningham, AD 35

*Laura Friedman*

---

Laura Friedman, AD 43

*Cristina Garcia*

---

Cristina Garcia, AD 58

*Chris Holden*

---

Chris Holden, AD 41

*Marc Levine*

---

Marc Levine, AD 10

*Brian Maisenschein*

---

Brian Maisenschein, AD 77



---

Chad Mayes, AD 42



---

Adrin Nazarian, AD 46



---

Patrick O'Donnell, AD 70




---

Jim Patterson, AD 23



---

Bill Quirk, AD 20



---

Sharon Quirk-Silva, AD 65



---

Eloise Gomez Reyes, AD 47



---

Luz, Rivas, AD 39



---

Robert Rivas, AD 30



---

Freddie Rodriguez, AD 52



---

Blanca Rubio, AD 48



---

Rudy Salas, AD 32



---

Kelly Seyarto, AD 67



---

Carlos Villapudua, AD 13



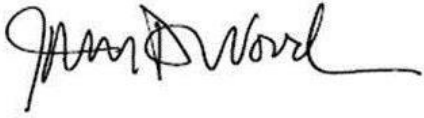
---

Akilah, Weber, AD 79



---

Buffy Wicks, AD 15



---

Jim Wood, AD 02