

Life Sciences PA Opening Statement on QMIRD

Good afternoon, Chair Samuelson, Chair Greiner and members of the House Finance Committee. I am Kurt Imhof, Senior Vice President, Policy & Public Affairs at Life Sciences Pennsylvania. Thank you for giving me the opportunity to participate in today's hearing on expansion of the Qualified Manufacturing Innovation and Reinvestment Deduction (QMIRD).

Life Sciences Pennsylvania is the statewide trade association representing more than 880 member organizations in the Commonwealth's life sciences ecosystem. Those members are comprised of small biotech companies, large pharmaceutical manufacturers, academic research institutions, medical device and diagnostics makers, patient advocacy organizations, and myriad service providers related to the development of groundbreaking therapies and cures.

It is important to note that while we are very proud of our almost 900 member organizations, the state has more than 3,000 life sciences establishments in total. Those organizations – academia, manufacturers, and R&D intensive companies – makeup a robust ecosystem that directly employs more than 101,000 individuals

and accounts for more than \$61 billion in direct annual economic impact in the Commonwealth.

Today's hearing is important as the Commonwealth looks to streamline and expand its toolbox for incentivizing innovative manufacturing projects – many of which are directly (or indirectly) life sciences related. Notably, the life sciences industry is experiencing a significant uptick in biomanufacturing capital expenditure. The desire to locate more of the biopharmaceutical supply chain facilities within the United States is one of the many side effects of the COVID pandemic on our economy. Additionally growing companies in the cell and gene therapy sector are working to scale up the manufacturing of these groundbreaking medicines.

Life Sciences PA is fully supportive of the few programs the Commonwealth does utilize to attract investment, like QMIRD, the R&D Tax Credit, Life Sciences Greenhouses, and others. These programs are particularly important because Pennsylvania is competing with a small number of states for their share of biomanufacturing projects. It's also important as we look for ways to sustain and expand upon the presence of companies that already have significant footprints

in Pennsylvania. But our programs to do so pale in comparison to what other states – such as North Carolina, or the more than \$1.5 billion fund Massachusetts created in 2008 – have put forth to attract investment.

That is why expanding programs like QMIRD is necessary for the Commonwealth to, at the very least, maintain competitiveness with neighboring and nearby states.

To further underscore the stiff competition in this marketplace, our organization just returned from the BIO International Convention; an event attended by over 19,000 people from around the world. Many developed countries and just as many states had a significant presence at this conference all with the hope of attracting life sciences investment and manufacturing to their borders.

Other states and countries are preoccupied on attracting these investments for good reason – the process by which new medicines are created, developed, and manufactured is complex and utilizes a diverse workforce of skilled labor, lab and biomanufacturing technicians, PhDs, and scientists. These stakeholders work in concert to produce vaccines, cell and gene therapies and diagnostic tools (among

other products) that are utilized by patients in Pennsylvania and around the world. They are critical to addressing public health crises and ensuring we are prepared for future pandemics. I am proud to say the Commonwealth is a true leader in this innovative industry, and the expansion of the QMIRD program is an important tool in the toolbox of the Department of Community and Economic Development to maintain that leadership.

It is important to note these developments are not just confined to Philadelphia. Life sciences activity tends to be most heavily concentrated around this city, but there are many projects throughout Pennsylvania that have or could benefit from this investment:

- B. Braun, a medical device manufacturer just completed a \$200 million expansion at its facility in Allentown.
- West Pharmaceuticals, a designer and manufacturer of packaging and delivery systems for injectable medicines, is investing \$60 million and creating 225 new jobs at a facility in Lycoming County.
- Krystal biotech is investing more than \$75 million with the potential for 200 new jobs on a 100,000 square foot gene therapy manufacturing facility in Pittsburgh.

- EcoLabs is expanding its Purolite footprint in Pennsylvania with a new, \$190 million biologics resin manufacturing facility in southern Chester County.
- ThermoFisher Scientific is expanding its Millersburg facility, about 45 minutes north of Harrisburg, with a \$40 million investment in its manufacturing of critical materials used in developing new and existing biologics and vaccines.

This is an impressive list of ongoing projects and is exactly the type of significant, long-term capital investment necessary to spur growth and innovation in communities across the state. The Commonwealth is fortunate to be considered a leader in this sector despite not having many direct economic incentive programs for this industry. We believe this legislation helps Pennsylvania maintain this leadership and contributes to its economic vitality. Life Sciences PA and its member organizations look forward to working with this Committee and the General Assembly on this legislation.

Thank you for your time this morning.