



**June 5, 2024**

Hon. Steve Samuelson, Chair  
Hon. Keith Greiner, Republican Chair  
Finance Committee, Pennsylvania House of Representatives

*Via Email*

**Re: Testimony in Support of Bill 2226 to the Pennsylvania State House Finance Committee**

Dear Chair Samuelson, Republican Chair Greiner, and Members of the Committee,

Thank you for the opportunity to provide testimony in support of Bill 2226, which seeks to allow the sale of Net Operating Losses (NOLs) for Pennsylvania companies. This legislation is crucial for fostering innovation, supporting small businesses, and strengthening Pennsylvania's economy and growing life sciences sector.

The Life Sciences sector, in particular, stands to benefit significantly from the passage of this bill. Early-stage and emerging biotech companies are often at the forefront of groundbreaking research and development, working tirelessly to bring new treatments, therapies, and technologies to market. However, these companies face unique challenges, especially during the initial stages of development.

One of the primary hurdles is securing sufficient financing to fund operations, particularly during periods between equity financings and achieving key value inflection milestones. Traditional equity financings can take significant time to complete, and often require companies to seek dilutive bridge loans or reduce headcount in order to extend cash runway. These concessions cost jobs, undermine technology advancement, and negatively impact the long-term value of these innovative companies.

By allowing the sale of NOLs, Bill 2226 would provide a critical lifeline to these businesses. NOLs are a valuable asset that, under current regulations, go underutilized. Allowing their sale would enable companies to convert these losses into value-creating non-dilutive capital. This influx of funds could be used to:

1. **Sustain Operations:** Ensuring that companies can continue their essential work even when external funding is scarce.
2. **Avoid Reductions in Force:** Small companies are often forced to lay off employees to extend working capital runway between equity financings.
3. **Accelerate Development:** Enabling faster progress through crucial development phases, bringing innovative products to market, and ultimately achieving profitability more quickly.
4. **Enhance Financial Stability:** Providing a buffer during economically challenging times, helping companies weather market volatility and economic downturns.



Moreover, the ability to monetize NOLs would make Pennsylvania a more attractive destination for new and existing businesses in the biotech sector and beyond. The U.S. Department of Labor recently issued a report ranking Pennsylvania as the fifth worst state in terms of net firm migration—companies moving into the state offset by those moving out. This position is untenable and signals a dire need for improvement in our business climate.

The passage of Bill 2226 would signal to entrepreneurs and investors that Pennsylvania is committed to supporting innovation and growth, fostering a more vibrant and competitive business environment. Other States, such as New Jersey, have implemented successful programs that govern the exchange of NOLs and have become an attractive venue in which to headquarter companies.

In conclusion, the passage of Bill 2226 represents a forward-thinking approach to economic development and innovation support. It offers a practical model that has been shown to work for other States and addresses a significant financial challenge faced by small companies and startups, thereby promoting a more robust and resilient economic landscape in Pennsylvania.

I urge the members of this committee to support Bill 2226 and help pave the way for a brighter future for our state's innovative businesses.

Thank you for your time and consideration.

Respectfully,

Nicholas A. Siciliano, Ph.D.  
Chief Executive Officer



### **About Dr. Nicholas A. Siciliano, Ph.D**

Dr. Nicholas A. Siciliano is the CEO and Co-Founder of Vittoria Biotherapeutics, Inc., bringing over twenty years of executive leadership experience in the biotechnology sector, spanning both diagnostics and therapeutics. Prior to his current role, Dr. Siciliano was the Chief Executive Officer and Co-Founder of Invisible Sentinel, a global molecular diagnostics company. Under his leadership, the company successfully developed, manufactured, and commercialized proprietary diagnostics, culminating in its acquisition by bioMérieux, Inc. in 2019. Post-acquisition, Dr. Siciliano served as Vice President at bioMérieux, leading U.S. Sales and Marketing teams while maintaining his CEO responsibilities for the Invisible Sentinel subsidiary.

Dr. Siciliano has a proven track record of launching and nurturing new biotechnology ventures in the Greater Philadelphia Region, playing a pivotal role in the early development and funding of various diagnostic and therapeutic startups. He is also an Entrepreneur in Residence at Agent Capital and an investment advisor for both Tellus BioVentures and Valley Forge Investment Corporation.

Academically, Dr. Siciliano holds a B.S. in Chemistry from Villanova University. He began his scientific career at the University of Pennsylvania Medical School's Department of Microbiology, focusing on host-pathogen interactions. He then earned his Ph.D. in Immunology and Microbial Pathogenesis from Thomas Jefferson University, where his research centered on antigen presentation.

Currently, Dr. Siciliano serves on the Board of NexEOS Bio, a privately held medical diagnostics and therapeutics company, and acts as a Strategic Consultant for bioMérieux. He is also the Past President of the College of Sciences Alumni Board at Thomas Jefferson University. Throughout his career, Dr. Siciliano has been awarded multiple utility and design patents for scientific technologies and has authored numerous peer-reviewed manuscripts in bacteriology, virology, immunology, molecular biology, and cancer immunotherapy.

### **About Vittoria Biotherapeutics, Inc.**

Vittoria Biotherapeutics, Inc., a clinical-stage cell therapy company, is developing novel CAR-T cell therapies that transcend the limitations of current cellular therapeutics. Based on technology exclusively licensed from the University of Pennsylvania, the Company's proprietary Senza5 platform unlocks the antitumor potential of engineered T cells and utilizes a five-day manufacturing process to maximize stemness, durability, and target cell cytotoxicity. By acting on the fundamental biology of T cells, Senza5 can be used to improve the efficacy of engineered T cell therapies with pipeline applications in oncology and autoimmune diseases. To learn more, visit [vittoriabio.com](http://vittoriabio.com) and follow us on [LinkedIn](#).



**Siciliano Testimony (Spoken):**

Good Morning Chair Samuelson, Republican Chair Greiner, and Members of the Committee,

Thank you for the opportunity to address the Committee and to express my strong support for Bill 2226, which proposes allowing the sale of Net Operating Losses (NOLs) for Pennsylvania companies.

My name is Dr. Nicholas Siciliano, and I am the current CEO and Co-Founder of Vittoria Biotherapeutics, Inc. Vittoria is a clinical stage, gene-edited cell therapy company dedicated to advancing technology licensed from the University of Pennsylvania to benefit patients with difficult to treat diseases. I have had the good fortune of being deeply involved in the formation and growth of early-stage biotech companies in the Greater Philadelphia Region for the past twenty years.

I was previously the CEO and Co-Founder of Invisible Sentinel, a molecular diagnostic company that I led from concept to commercialization for over 15 years. We sold our products into over 60 countries and served multiple end-markets including food safety, when the business was acquired in 2019 by bioMerieux, a world-leader in diagnostics. bioMerieux has since tripled the footprint of the operation and commissioned a new site in the Philadelphia Navy Yard that will open this Summer, creating jobs for the local community.

My experience with both organizations, provides me with a first-hand perspective of the value this bill can provide to small companies, particularly life science companies. The biotechnology sector is a cornerstone of innovation, driving forward new treatments and technologies that have the potential to significantly improve and preserve human health. However, the journey from concept to market is fraught with challenges, particularly in securing the necessary working capital to sustain operations through various development stages. Lack of working capital can lead to layoffs, highly dilutive financings, and Company dissolution, especially during harsh funding environments. This is a timely matter for my colleagues and I as the past couple years have been the worst funding environment in biotech in the past several decades.

Securing financing for early-stage biotech companies is a formidable task. Traditional funding avenues can be scarce and highly competitive, leading companies to seek dilutive financing options that can undermine their long-term potential. In my experience, the ability to obtain non-dilutive financing is crucial for retaining talent and extending the cash runway of these innovative companies.

Furthermore, it is important to recognize the growing importance of state benefits in the decision-making processes of CEOs and institutional investors. As we emerge from the COVID-19 pandemic, the new era of remote work offers greater flexibility in choosing where to headquarter companies. States that offer compelling incentives and a supportive business environment are becoming increasingly attractive to entrepreneurs and investors alike.



By passing Bill 2226, Pennsylvania can position itself as a premier destination for biotech innovation. This legislation would not only support existing companies but also attract new ventures looking for a nurturing ecosystem. It would signal to the industry that Pennsylvania is committed to fostering growth and innovation, ultimately strengthening our state's economy, and improving health outcomes for its residents.

In conclusion, I urge the members of this committee to support Bill 2226. This legislation represents a strategic and impactful step towards ensuring the sustainability and growth of Pennsylvania's biotech sector. Thank you for your time and consideration.