



Bay Area Regional POLICY PRIORITIES

Land Use
Local Taxes and Fees
Access To Water

Transportation
Housing

Industry Impact

According to Biocom's 2017 Economic Impact Report¹, the San Francisco Bay Area's life science cluster employs 96,000 people in five sectors: biopharmaceuticals, medical devices and diagnostics, research and lab services, bio-renewables, and life science wholesale. These jobs pay an average wage of \$156,000, and generate \$114 billion in annual economic activity. Biocom represents more than 1,000 members in California; we focus on initiatives that positively influence the region's life science community in the development and delivery of innovative products that improve health and quality of life.



LAND USE

In regional markets throughout California, land available for life science development is scarce. Preserving commercial land for manufacturing, research and development (R&D), and distribution is vital to long-term industry stability and encouragement of growth. Biocom advocates for protection of land for life science development, and assists our members with navigating development processes.

Additionally, we have seen the results of collocation have detrimental impacts to life science establishments. Land zoning plans are created to provide appropriate space between industry and residential to avoid compatibility conflicts. Biocom understands the need for additional housing throughout the Bay Area to address continuing shortages and to house a growing workforce. Housing should be appropriately located and supported by necessary infrastructure and services.

LOCAL TAXES AND FEES

At the local level, the implementation of new city taxes and fees can have detrimental effects on the development and production of new treatments. Biocom works with elected officials to educate them on the effects of new proposals on the life science industry, and works to mitigate tax and fee impacts on our members.

GROSS RECEIPTS TAX

Gross receipts tax the total amount a company receives from all sources, without subtracting expenses or taking into account whether the company has a commercialized product. These taxes can be levied on grant funding (both government and disease foundations), upfront payments from licensing and partnering, and research reimbursements – sources that are not traditionally taxed.

Research has shown these taxes lead to lower hiring rates, and increased costs to consumers². Additionally, gross receipts tax causes pyramiding, the process by which a good is taxed multiple times as it is sold throughout the production process before finally being sold to a consumer and taxed again. Recently, new gross receipts taxes have been levied or proposed on various commercial activities, leading to accumulating tax obligations.

Gross receipts taxes disproportionately impact companies with small margins like small and mid-sized life sciences with low or no profit margins. Adjusting corporate taxes to relieve this undue burden will encourage industry growth.



¹ T.Clower & Associates. 2017 Biocom California Economic Impact Report Databook. San Diego: Biocom, 2017.

² Barbe, Andre, 2013. "Pyramiding, Productive Efficiency, and Revenue under a Gross Receipts Tax." Multistate Tax Commission Review 23 (1), 14-21.



ACCESS TO WATER

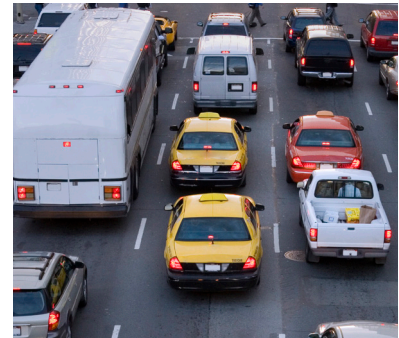
California recently experienced prolonged drought conditions, and mandatory water cutbacks were implemented throughout the state. While shutoffs were avoided, they are a continuing possibility during drought conditions. Since its inception, Biocom has communicated with legislators and regulators about how the life science industry uses water, and why reliable, constant access to water is necessary for our member companies to conduct daily business activities.

Biocom's member companies reduce water use by employing cutting-edge water savings technologies, such as reverse osmosis capture and reuse, and the use of recycled water in cooling towers. Biocom has also supported a number of practical ways to diversify water supply, such as indirect potable reuse and desalination, and has worked closely with local and state water officials to ensure consideration for the industry in new and existing regulations.

TRANSPORTATION

Transportation is a key element in the quality of life in the Bay Area, impacting the ability of employees to commute from work in a reasonable time as well as the ability of companies to attract the necessary workforce and transport goods and products. Investment in transportation infrastructure is critical for the Bay Area's future growth and population needs.

As the life science industry continues to expand its research and development facilities, it is important for government entities to fund the necessary transportation improvement projects. Biocom supports a balanced regional transportation plan that includes both public transit and roadway expansion.



HOUSING

It is common knowledge that there is an extreme housing shortage in the Bay Area – the median price of a single family home is \$910,350³. Only 12% of San Francisco residents are able to afford a home in that city⁴. Biocom supports incentivizing the building of additional middle income housing units via a variety of approaches, including:

- exemption of middle income housing from new/existing construction fees as appropriate, to encourage the building of workforce housing
- increased density around transit hubs
- relaxation of parking and related requirements

³ Fernandez, Lisa. "Median Home Price in the Bay Area Soars to \$910,350." Fox KTVU, 19 Dec. 2017, www.ktvu.com/news/median-home-price-in-the-bay-area-soars-to-910350-california-association-of-realtors.

⁴ Brinklow, Adam. "Only 12 Percent of SF Households Can Afford a Median-Priced Home in the City." Curbed San Francisco, 15 Feb. 2018, sf.curbed.com/2018/2/15/17016992/affordable-homes-median-price-san-francisco-afford.