

BILL ANALYSIS
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Date of Hearing: March 23, 2010

ASSEMBLY COMMITTEE ON HEALTH
William W. Monning, Chair
AB 1733 (Hill) - As Introduced: February 4, 2010

SUBJECT: Director of California Biotechnology Retention and Recruitment: duties.

SUMMARY Establishes the position of Director of California Biotechnology Retention and Recruitment within the Office of the Governor. Specifically, this bill

- 1) Directs the Governor to create the position of Director of California Biotechnology Retention and Recruitment within the Office of the Governor using existing resources.
- 2) Requires the Director to be appointed by, report directly to and serve at the pleasure of, the Governor.
- 3) Makes the Director responsible for serving as an informational resource for biotechnology, life science, and medical companies in and outside of California, as specified.

EXISTING LAW

- 1) Requires the California Department of Education (CDE), in consultation with representatives from the California Institute for Regenerative Medicine and the biotechnology industry, to promote stem cell and biotechnology education and workforce development within a variety of existing programs, including the California Health Science Educators Institute; Health Science Capacity Building Project; the California Partnership Academies; the regional science centers; and, the California Career Resource Network.
- 2) Requires CDE to post on its Internet Web site information and links to information about biotechnology education programs, including, but not limited to, those identified by the biotech industry and industry-related organizations.
- 3) Authorizes various specified state and local entities to enter into memoranda of understanding with the San Diego Multiuse Biotechnology Training Center to provide services, funding, and personnel to accelerate the growth and formation of new bioscience enterprises in the San Diego region.

FISCAL EFFECT: This bill has not yet been analyzed by a fiscal committee.

COMMENTS"

1) PURPOSE OF THIS BILL The author states that California's biotechnology industry is a worldwide leader in life saving treatments and devices, with more than 2,000 biomedical companies employing over 274,000 individuals. The author notes that these companies are responsible for 1,200 approved treatments for patients with 869 products in the California biopharmaceutical pipeline, including those in pre-clinical and clinical development. As Chair of the Assembly Select Committee on Biotechnology, the author argues that state government needs to be more responsive when dealing with the biomedical industry and the new position within the Governor's office created by this bill is intended to serve as a "one-stop shop" resource for the biomedical profession. According to the author, the Director of Biotechnology would be responsible for helping existing companies thrive in the state while serving as a resource for new companies that want to locate within California.

2) BACKGROUND According to information from the California Biotechnology Foundation, biotechnology integrates and applies knowledge from various science and math disciplines to create and develop techniques and products. Biotechnology began 30 years ago and since then has grown into a world-wide industry. Prior to the creation of biotechnology, pharmaceutical companies produced drugs and vaccines without the genetic and molecular information that is available today. Since many pharmaceutical companies now apply the same techniques utilized by biotechnology companies, the term "life science" is used to describe both industries. Sectors of the biotechnology industry include health care (drugs, vaccines, devices, and diagnostics); agricultural biotechnology (genetically modified organisms, food safety); industrial and environmental applications (biofuels); and wholesale trade companies that manage the import, export, and exchange of pharmaceuticals, medical devices, and other supplies in the global market.

3) CALIFORNIA BIOMEDICAL INDUSTRY REPORT. A February 2010 report by the California Healthcare Institute (CHI) and PricewaterhouseCoopers LLP showed that California's 2000 biomedical companies generated estimated revenues of \$75.9 billion in 2008 while total estimated venture capital investments in California companies reached \$2.6 billion and biomedical exports reached \$17.5 billion. The report estimated that approximately 783,000 Californians are employed either part- or full-time as a result of the life sciences industry, and when combined with other jobs, such as construction, financial, and legal professionals, that are associated with providing goods and services to life sciences employees, biomedical industry-related jobs comprise 3.8% of the state's total employment numbers. While the report noted that the industry experienced a modest 3% increase in employment despite the state's economic difficulties, it also found that two-thirds of executives at California's largest biomedical companies expect to move more manufacturing out

of state within the next two years and 58% indicated they anticipate doing more research and development outside of California.

4) LITTLE HOOVER COMMISSION REPORT. As evidence of the need for this bill, the author points to a February 2010 report by the Little Hoover Commission (Commission) entitled, "Making Up for Lost Ground: Creating a Governor's Office of Economic Development," which found that the dismantling of the Technology, Trade, and Commerce Agency in 2003 left a void that has been exacerbated by the state's current economic crisis as people are looking to the state for clear signs that it is ready and able to help with programs and connections that can link local, state, and federal economic development efforts. The Commission notes that with the surviving programs now spread out among other agencies, no one person at the state level is setting a vision for the state's role or articulating it for businesses, cities, and regions seeking to spur job creation. In response to the lack of state level coordination that is cited in the Commission's report, the author argues that a Director of Biotechnology, in particular, is needed to foster the growth of the state's biomedical industry through increased assistance and collaboration between state government, higher education institutions, and the private sector.

5) SUPPORT CHI, which represents biotechnology firms, medical device companies, pharmaceuticals, and academic research institutions, writes in support that this bill takes the first step in establishing a coordinated recruitment and retention effort within California so that it can be more competitive in attracting and retaining biomedical research firms. CHI adds that having a designated position within the Office of the Governor to help companies comply with state-specific regulatory requirements will facilitate expansion of the biomedical industry in California.

6) PRIOR LEGISLATION

a) SB 471 (Romero), Chapter 185, Statutes of 2009, creates the California Stem Cell and Biotechnology Education and Workforce Development Act of 2009 to establish stem cell and biotechnology education and workforce development as a state priority and promote stronger links between industry sectors, the California Institute for Regenerative Medicine, and California public schools, as specified.

b) AB 1551 (Kehoe), Chapter 628, Statutes of 2003, makes legislative declarations relating to the biotechnology industry in the San Diego region and authorizes specified state and local entities to enter into agreements with the San Diego Multiuse Biotechnology Training Center.

7) DOUBLE-REFERRAL This bill has been double-referred. Should this bill pass out of this committee, it will be referred to the Assembly Business and Professions Committee.

REGISTERED SUPPORT / OPPOSITION:

Support California Healthcare Institute

Opposition

None on file.

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