



***COMMENTS SUBMITTED TO THE FINANCE REVENUE AND BONDING
COMMITTEE
March 9, 2015***

***SB 946 AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE GOVERNOR'S
BUDGET***

Senator Fonfara, Representative Berger, Senator Frantz, Representative Davis, and Members of the Finance, Revenue and Bonding Committee,

Boehringer Ingelheim (BI) offers the following comments with regard to SB 946: An Act Concerning Revenue Items to Implement the Governor's Budget.

Boehringer Ingelheim is a family owned company committed to the discovery, development, manufacture and marketing of innovative health care products that have helped bring more health to patients and address unmet therapeutic needs. Boehringer Ingelheim was established in Connecticut in 1978, with our U.S. corporate headquarters located in the towns of Danbury and Ridgefield. As the State's largest biopharmaceutical company, we respectfully ask the Committee to reject the recommendation outlined in this proposal that seeks to reduce the value of the Research and Development (R&D) tax credit program.

As a longtime resident of Connecticut, Boehringer Ingelheim has made significant investments in R&D in the State. Our more than 2,700 employees come from 134 of Connecticut's 169 towns across the state. Through our ongoing work and investments, BI provides a significant economic footprint at the local, state and regional levels, much of which would not have been possible without the R&D tax credit. As a global company with a significant footprint in Connecticut, BI supports consistent tax policies that foster a stable and predictable environment for businesses across the state to grow and invest in the economy and the workforce. Most companies work off long-term strategic business plans that look 5-10 years in advance. Tax policies including the R&D tax credit create a competitive environment that helps Connecticut maintain its status as a center of excellence for research and development, and will help businesses to grow in the state. Changes in tax policy such as those proposed under SB 946 would impact the ability to plan and make long-term business decisions.

In recent years BI has committed more than \$600 million in capital investments, many of these are a direct result of the R&D tax credit. BI's economic footprint in the state extends beyond our capital investments; our company works with nearly 3,000 direct service providers across 150 towns in the State, resulting in additional economic output of \$84 million in goods and services in 2013 alone. To change the rules on this program now would have a detrimental chilling effect on future investments and stifle bioscience innovation and growth in Connecticut.

Tax credits such as R&D are earned by in state companies who make investments and create direct and indirect jobs to support the economy, while allowing the State to have a significant return on these types of investments. Additionally, in order to maintain a competitive advantage with other neighboring states such as Massachusetts and New York, Connecticut needs to maintain utilization of R&D credits at the current (70%) level, notwithstanding the utilization should be at 100%.

Thank you for recognizing the economic importance of the bioscience industry here in the state and for your time and consideration of our comments.

If you have any questions please contact Joseph Oros, Regional Director, State Government Affairs, Boehringer Ingelheim at 860-781-2126.

We look forward to working with the Committee to further explore this proposal and offer ourselves as a resource.