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RECOGNIZING THE BOYS HOPE
GIRLS HOPE ORGANIZATION

HON. JAMES M. TALENT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 30, 1999

Mr. TALENT. Mr. Speaker, I rise today to recognize the Boys Hope Girls Hope organization, who were among recipients of the Daily Points of Light Awards.

Boys Hope Girls Hope was formed to address the needs of children whose families can no longer provide for them. Volunteers live with the children and staff and help maintain an orderly, safe, and caring home environment. The Daily Points of Light Award honors individuals or organizations that make a positive lasting difference in the lives of others, and Boys Hope Girls Hope is such an organization.

Mr. Speaker, I have had the privilege of visiting Boys Hope Girls Hope often. It is a phenomenal program that offers so much to the children of St. Louis. Mr. Speaker, I hope that you will join me in offering congratulations to Boys Hope Girls Hope for receiving this award, and thank them for their continuing devotion to children in need.

DR. ARTHUR LEVINSON, PRESIDENT OF GENENTECH, DISCUSSES THE HUMAN IMPACT OF BIOTECHNOLOGY AT HEARING OF THE JOINT ECONOMIC COMMITTEE

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 30, 1999

Mr. LANTOS. Mr. Speaker, biotechnology is leading our world into a new century of improved health and happier and productive lives through revolutionary science. Today at a hearing of the Joint Economic Committee, my distinguished friend Arthur Levinson, the President and CEO of Genentech, testified about the life-saving results and remarkable growth of the biotechnology industry. That hearing was chaired by our colleague from the Senate and the Chairman of the Joint Economic Committee, Senator CONNIE MACK of Florida.

Mr. Speaker, I am proud that Genentech has deep roots in my Congressional District. It was in South San Francisco that Genentech originally pioneered the research and therapies that generated the biotechnology industry.

Genentech's President, my friend Dr. Levinson, has been a key force behind the firm's humanitarian mission to save lives. He earned his doctorate from Princeton University and was a post doctoral fellow in the department of microbiology at the University of California at San Francisco. He has served on the editorial boards of the journals Molecular Biology and Medicine, Molecular and Cellular Biology, and Virology. An outstanding active lead-

er of the biochemistry community, there is no one more qualified than Arthur Levinson to discuss the merits and the mission of biotechnology.

Mr. Speaker, Arthur Levinson delivered an excellent statement to the Joint Economic Committee, highlighting the importance of continued federal involvement in the industry in order for biotechnology to continue its progress in saving and improving the quality of our lives.

Mr. Speaker, I submit the full text of Dr. Arthur Levinson's testimony to the Joint Economic Committee to be placed in the RECORD, and I urge my colleagues to give his testimony thoughtful consideration.

PUTTING A HUMAN FACE ON BIOTECHNOLOGY

Mr. Chairman and distinguished members of the Committee. Thank you for the opportunity to testify today regarding the most important topic of biotechnology and its impact on people like you and me. It is truly an honor to testify before you today. Your leadership on issues related to innovation, and medical research and development has been critical to the on-going development of new life-saving drugs and breakthrough technologies.

Without your commitment to such important policy initiatives as funding for the National Institutes of Health (NIH) and permanent extension of the research & experimentation tax credit (commonly known as the research and development tax credit), many remarkable products would not be made available to those in need.

The subject of today's hearing cuts to the core of what the biotech industry is all about. As Carolyn Boyer and Lance Armstrong's testimony demonstrates—the human face of biotechnology is very real. All the cutting-edge science and innovative technology of our industry is valuable only when it ultimately results in the alleviation of human suffering and the overall enhancement of human life.

Our mission at Genentech is to be the leading biotechnology company, using information and human genetic engineering to develop, manufacture and market pharmaceuticals that address significant unmet medical needs. We are committed to working with patients, families, providers and payers to improve patient care.

At Genentech we say that we are "In business for life". Our commitment to this is reflected in our history—a history that marks the genesis of the biotechnology industry. Genentech's founders, Herb Boyer and Bob Swanson, were the first to conceptualize the process of cloning human proteins for the purpose of manufacturing life-saving therapies. In 1976, Genentech was founded as the pioneering biotechnology firm with research and development, manufacturing and sales capabilities. By the early 1980s, Genentech had developed and licensed the first two products of biotechnology—recombinant insulin and alpha interferon.

As a testament to our commitment to saving lives, Genentech is among the most research intensive companies in the world. In 1996, we invested \$471 million, or 49% of our income, on research and development. We reduced that amount to \$396 million in 1998, or 34% of income, partially because investors are hesitant to support one-half of income going to research. But research is our lifeblood. It gives life to the ideas we test to treat serious, unmet medical needs. Our strong portfolio of products is a direct reflection of the ideas our scientists have brought

from the lab to the patient. And, as evidenced by our robust pipeline, I firmly believe the best of our science is yet to come.

In an effort to further our commitment to our patients, Genentech devised a "Single Point of Contact" (SPOC) program to assist patients and their physicians in gaining reimbursement for their care. In addition Genentech instituted our own "Uninsured Patient Program" in 1986 when we marketed our first product, Protropin. The program provides free drugs to patients ensuring that a lack of financial resources will not prevent anyone from gaining access to our products.

With this brief background in mind, there are a few issues on which I wish to focus today, particularly: federal support for research and development, permanent extension of the R&D tax credit, and the Medical Innovation Tax Credit (MITC).

Federal Support for Biomedical Research and Innovation is Crucial. The scientific underpinnings of the industry itself—namely, the discovery of recombinant DNA technologies—was developed in the 1970s at Stanford University and the University of San Francisco with the help of federal funding.

As the industry has matured and grown, the ability of the federal government to either constructively nurture or inadvertently harm the industry has increased commensurately. The Joint Economic Committee (JEC)—particularly in hosting the national high technology summit earlier this summer—has played an enormously important role in highlighting some of the critical ways the federal government can advance our country by creating a more supportive environment for high-technology.

Permanent Extension of the R&D Tax Credit. Except for small increases in the past three years, direct federal support for overall research has, for the most part, been declining for over a decade. While a long-term commitment to increasing funds available to the federal government for basic research is important, maximizing private industry R&D through a permanent R&D tax credit is a necessity. Numerous studies have shown that a permanent R&D credit is a cost-effective means of ensuring that high levels of private-sector investment will continue to take place.

A short-term extension of the credit is clearly preferable to allowing the credit to lapse, however the lack of permanence severely compromises the effectiveness of the credit for the biotechnology industry. With biotechnology R&D programs often planned five to ten years in the future, uncertainty regarding the credit can prove detrimental. The industry is required to work under the assumption that the credit may not be in effect for the entire life of the research project, which in turn means less revenue can be committed to R&D. And, this translates into fewer scientific discoveries—fewer therapies like Herceptin.

Returning to our theme of "Putting a Human Face on Biotechnology", this uncertainty regarding the credit has profound implications for the patients since our industry spends much of its revenue on R&D. This uncertainty may necessitate a small firm furloughing scientists engaged in promising research. For a large firm it may mean making the hard choice to terminate or curtail a significant project. Either way, patients lose. I dare say that without the R&D tax credit, Herceptin simply would not be a reality. Mr. Chairman, you have long been the champion of this cause and I know that others on the Committee have been long time supporters of the credit. It is our desire to work with you to make the credit permanent.