

# The Importance of Research and Development in California's Life Science Industry

**California is the proud birthplace of the life science industry** and is home to the largest life science cluster in the nation. The Golden State's biopharma companies are developing the next wave of therapies and treatments revolutionizing health care across the globe.

California is home also to over 16,576 biopharma establishments that generate \$414.2 billion in revenue and provide well-paying jobs for more than 1.24 million Californians – more than agriculture, wine and film combined. In this year alone, California's life science sector is anticipated to generate approximately \$500 billion in GDP for California's economy.

## CA'S LIFE SCIENCE INDUSTRY SNAPSHOT

16,576  
Establishments

\$146,088  
Avg. Yearly Salary

466,888  
Directly Employed

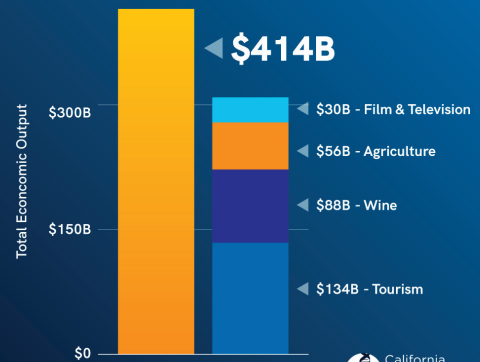
1.24M  
Total CA Jobs Supported

\$128.6B  
Total Labor Income

\$414.2B  
Total Economic Output

Source: Biocom California 2024 Economic Impact Report

### Life Science GDP Exceeds Next Four Major Sectors Combined



For citations visit: [www.cabiotech.org](http://www.cabiotech.org)



## CALIFORNIA LIFE SCIENCE INDUSTRY INVESTMENTS IN RESEARCH AND DEVELOPMENT DRIVE MEDICAL INNOVATION

**Research and Development** (R&D) is a huge part of the life science industry. Biopharma companies operate on the forefront of innovation, constantly seeking new solutions to complex problems through cutting-edge technology and scientific research. R&D is the lifeblood of these industries, driving the development of groundbreaking products, formulas, and technologies.



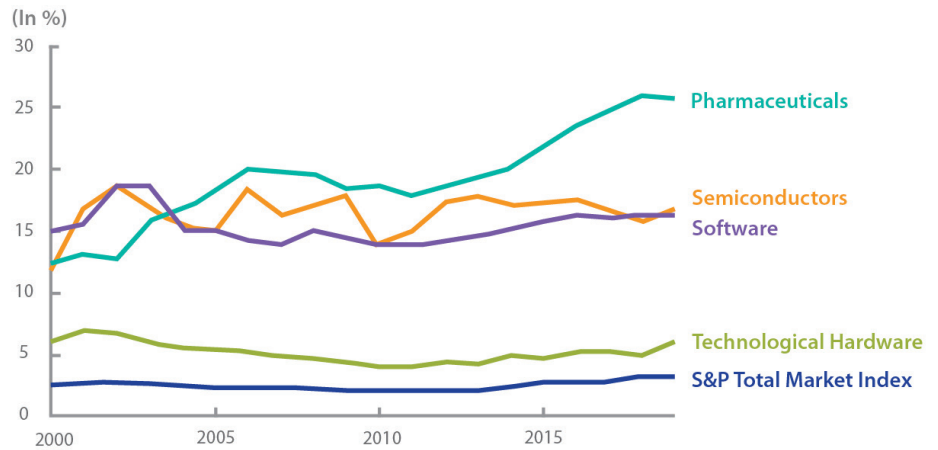
### Through R&D investment researchers and scientists:

- *Gain a better understanding of diseases*
- *Gain greater ability to harness scientific advances*
- *Develop treatments and cures for some of the most debilitating diseases*

## TREATMENTS AND CURES FOR DEADLY DISEASES COME AT A SIGNIFICANT INVESTMENT

- ▶ Leading biopharma companies have invested more than **\$1 trillion** dollars in R&D since 2000.
- ▶ The biopharma sector is the most R&D-intensive industry in the U.S. economy.
- ▶ Biopharma invests approximately six times more in R&D (% of sales) than all other manufacturing industries.

Average R&D Intensities for Publicly Traded U.S. Companies, by Industry



Source: Congressional Budget Office

*“Without robust support for commercial R&D we risk our global leadership and ability to outpace our foreign competitors...”*

- Governor Gavin Newsom

(in his request to President Biden to preserve the federal R&D tax credit for semi-conductors, an industry that invests far less in R&D than CA's biopharma sector)

Reuters, April 1, 2024

### Research and Development Tax Credits: How California Fosters World Leading R&D

Thousands of discoveries for new drugs and better outcomes for patients happen every day in California due in large part to the R&D tax credit.

- The tax credit must be calculated based only on expenses relative to employee compensation and needed supplies to conduct research. This creates an inherent incentive for companies to grow their workforce, enhance workforce development of high paying jobs, and further invest in the CA and US economy.
- The R&D tax credit was designed to encourage companies to invest in California because the state recognized the value of high-quality research and the jobs and tax revenue that comes when that research turns into products manufactured in California.
- Many life science companies - especially smaller companies of 100 or less employees which comprise more than 75% of biopharma companies in the state - rely on the R&D tax credit to keep their doors open.\*

The R&D tax credit is a critical component supporting the survival of California's premier industry which employs hundreds of thousands of employees, contributes billions of dollars to our economy and discovers the life-saving treatments that each one of us rely on every day.

\* Based on Biocom California 2024 Membership Data