

A PROFILE OF BIOTECH IN MID-AMERICA

MAEDC 2009 ANNUAL MEETING

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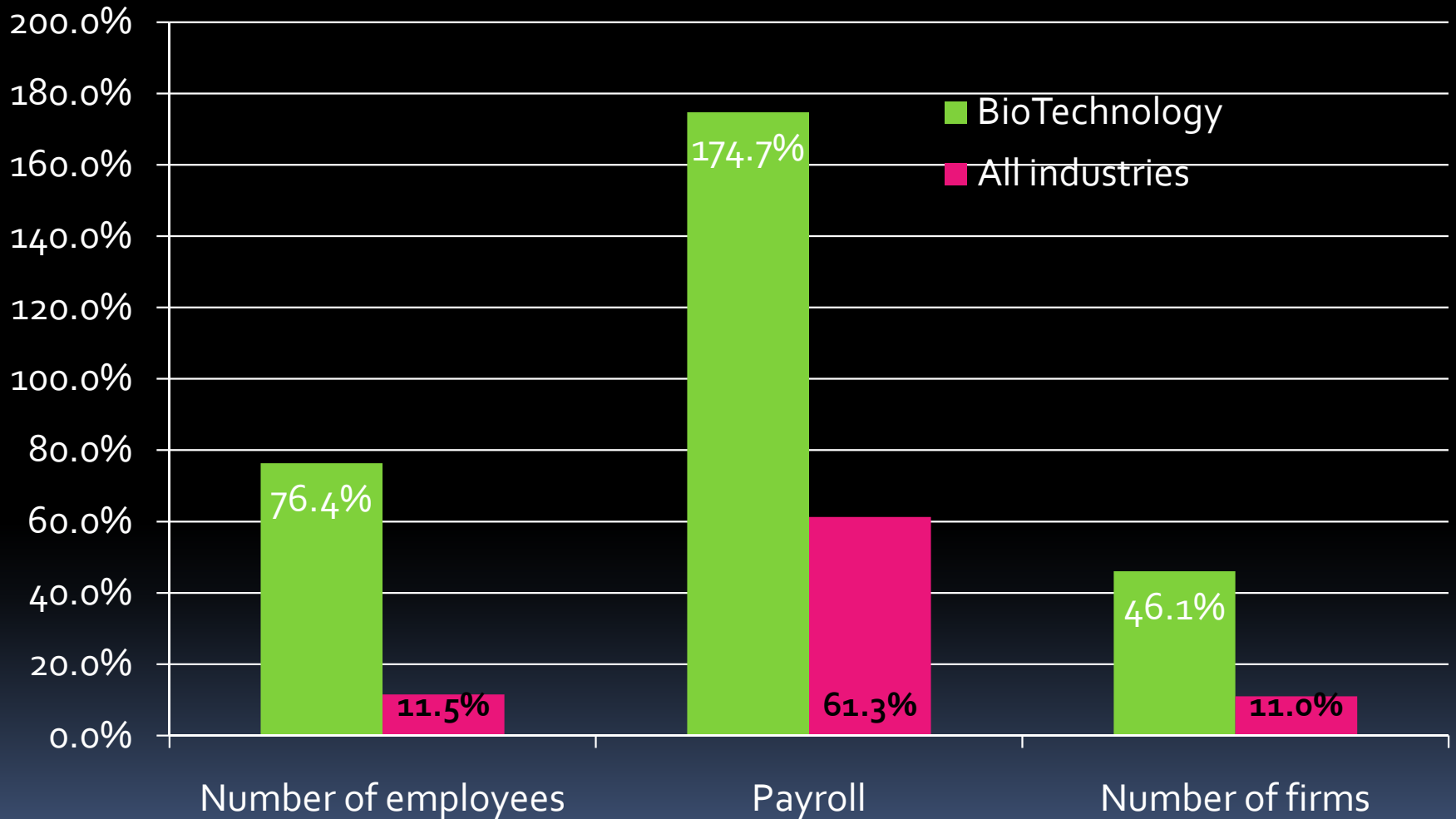
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Growth 1998-2007 BioTech vs. All Industries

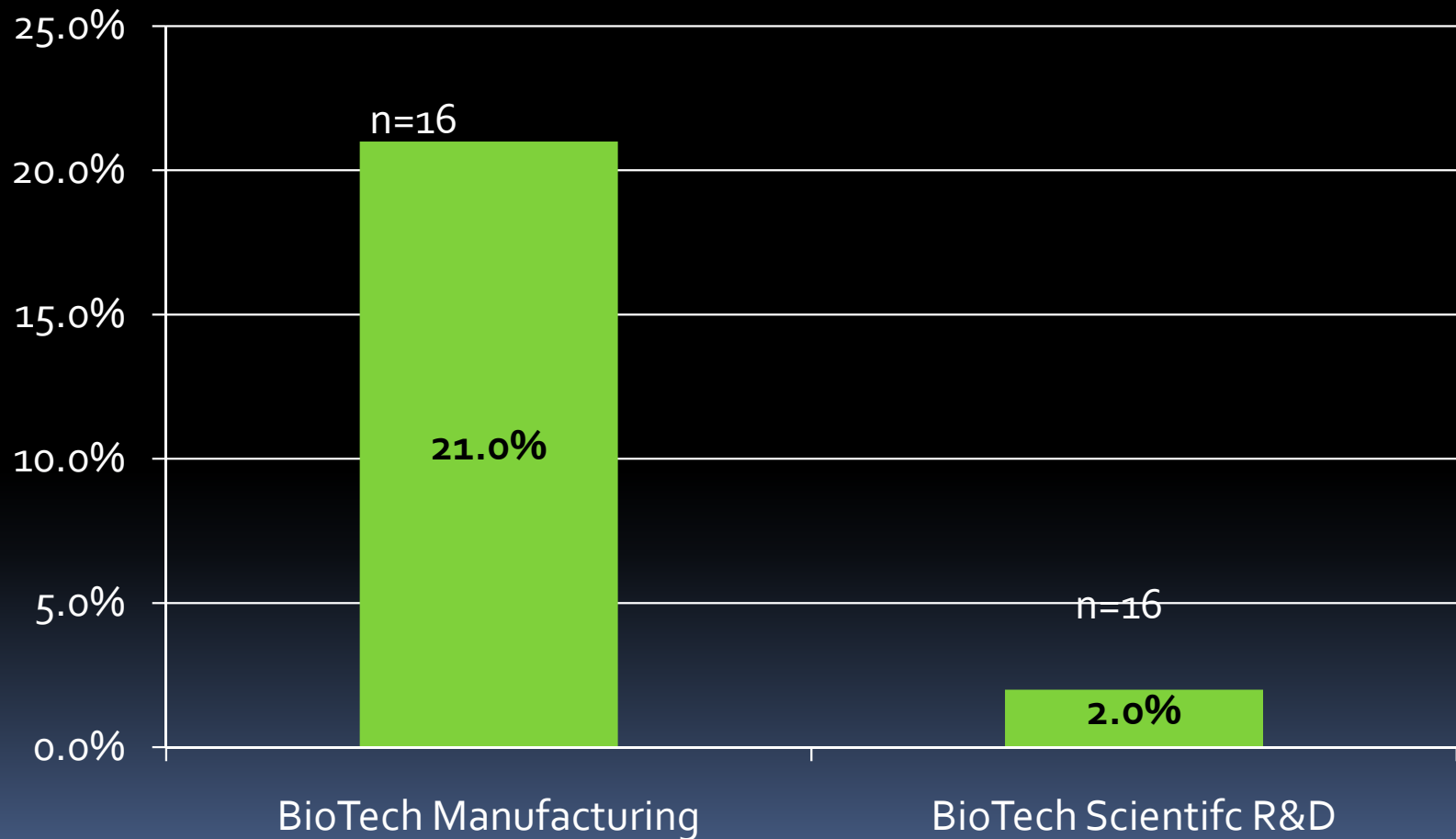


Source: U.S. Census Bureau, County Business Patterns

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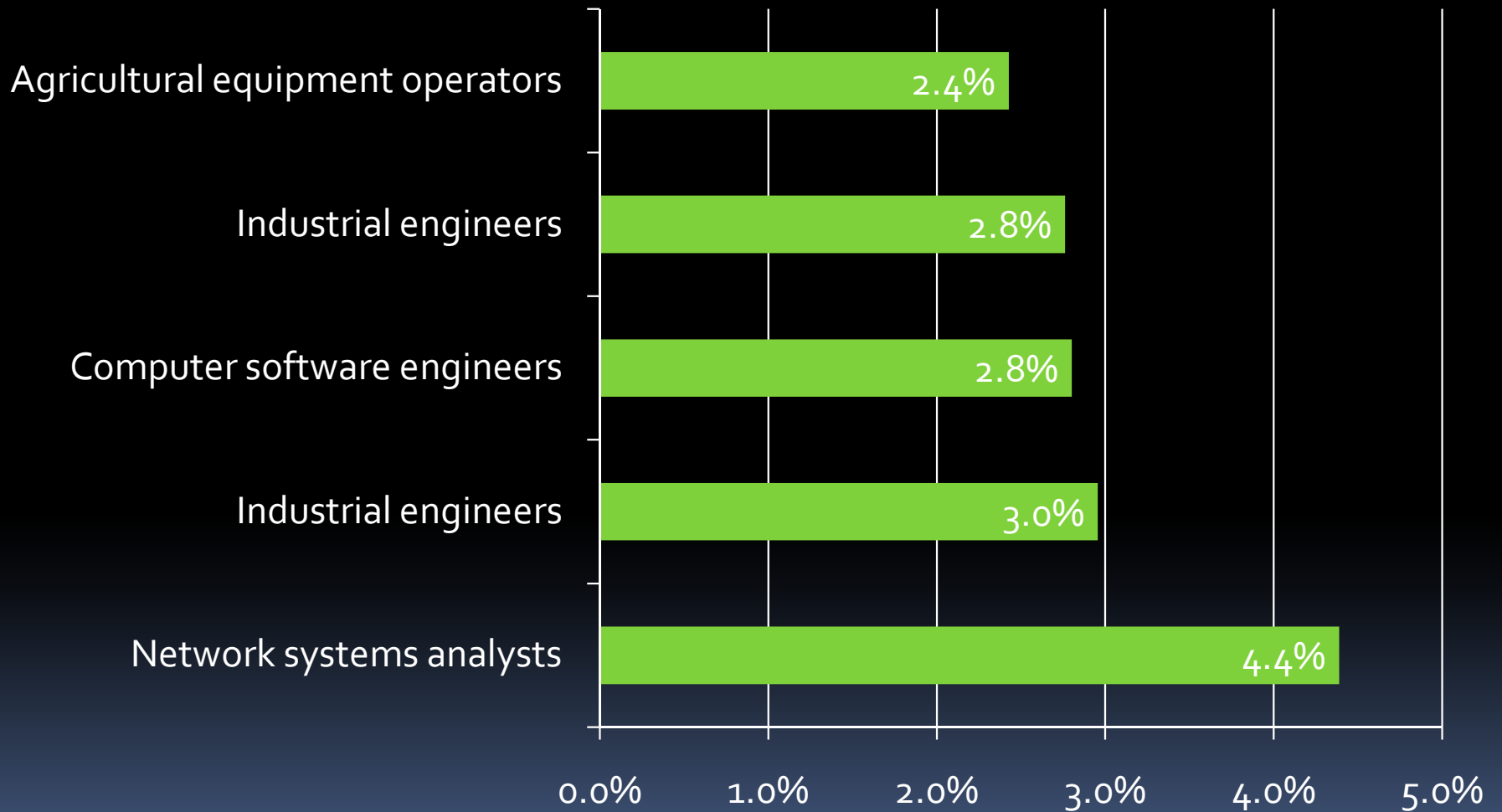
Return on equity for biotech, 2008



Celgene brought ROE down

Source: Mergent on-line

Projected yearly growth 2007-2016 top growth occupations in biotech



Source: U.S. Bureau of Labor Statistics

BioTech Is a Growth Engine

- BioTech jobs grew at 7 times the pace of all industries
- BioTech payroll grew at 3 times all industries
- BioTech new firms grew at 4 times all industries
- BioTech average pay per worker grew at 25% higher than all industries
- BioTech manufacturing—superior earnings

Location factors for biotech

Manufacturing

- University research activities
- Academic spinoffs
- Entrepreneurial activities in firms
- Founder preferences

R&D

- Proximity to university activities
- Labor agglomeration economies
- Clustering economies

| Top BioTech States (LQ) | |
|-------------------------|------|
| District of Columbia | 2.82 |
| Delaware | 2.75 |
| New Mexico | 2.63 |
| Massachusetts | 2.35 |
| Maryland | 2.28 |
| Virginia | 1.94 |

| Bottom BioTech States (LQ) | |
|----------------------------|------|
| Nevada | 0.24 |
| Arkansas | 0.24 |
| Oklahoma | 0.20 |
| Louisiana | 0.19 |
| Kentucky | 0.18 |
| Wyoming | 0.13 |

Nebraska Was #28 with LQ of 0.59. For NE to equal U.S. concentration would have to grow biotech by 70% (2,525 new jobs)

Note: Location quotient (LQ) expresses the concentration of industry in state relative to the nation. LQ < 1.0 indicates that state has less than its share of U.S. industry employment. LQ > 1.0 indicates that state has more than its expected share of U.S. industry employment.

Impact of \$1,000,000 in BioTech sales on Nebraska (2009)

| | |
|-------------------------------|-----------|
| Spillover to other industries | \$914,000 |
| Wages & salaries | \$502,000 |
| Jobs | 13 |
| State & local taxes | \$51,000 |
| | |
| | |

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For NE to equal U.S.
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R&D expenditures at universities & colleges (as share of GDP)

| State | Overall rank | State Ranking | | |
|-----------|--------------|---------------|--------------------|----------|
| | | Federal Gov | State & Local Gov. | Industry |
| NE | 13 | 29 | 39 | 7 |
| IA | 14 | 19 | 6 | 12 |
| MO | 16 | 14 | 35 | 43 |
| CO | 23 | 13 | 44 | 23 |
| WY | 42 | 50 | 28 | 45 |
| SD | 44 | 40 | 7 | 49 |
| Top state | MD | MD | ND | NC |

Municipalities, institutions of higher learning, city and state governments, and entire countries pursue this highly sought industry because:

- *knowledge-based jobs,
- *highly-skilled jobs,
- *high salary jobs,
- *high growth potential generated by the sector.

State incentives for biotechnology

Massachusetts

- Refundable 10% Investment Tax Credit
- Refundable Research Tax Credit
- Special Sales Tax Exemption
- Extension of Operating Losses to 15 years
- Refundable FDA User fee Credit
- Life Sciences Research Credit
- Deduction for Orphan Drug Clinical Testing
- Elimination of Sales Factor Throwback
- Construction Sales Tax Exemption

Nebraska (Advantage)

BioTech-one of the focus areas

BioTech-invested the most so far

Performance based

Tier 1: 10 jobs & \$1million of investment get ½ sales taxes paid on capital purchases; wage credit up to 6%; investment tax credit of 3% (higher credits for higher tiers)

In Conclusion

***MID-AMERICA HAS LESS THAN ITS EXPECTED SHARE OF BIOTECH**

***MID-AMERICA'S BIOTECH GROWTH HAS MATCHED THAT OF THE U.S.**

***MID-AMERICA'S TAX INCENTIVES ARE NOT FOCUSED ON BIOTECH**

***MID-AMERICA HAS A COMPETITIVE ADVANTAGE IN AREAS RELATED TO BIOTECH IN AGRICULTURE**