2024 Legislative Agenda Framework:

Ensure CT Remains Economically Competitive for Life Sciences Industries and Jobs

Research and Development Tax Credit Expansion
Increase the cash exchange rate to **100% for biotech companies to be competitive with surrounding states.** Currently, CT companies can exchange the credits for 65% their value. Increasing the cash exchange rate to 100% could make a significant impact on small and emerging life sciences companies that may operate at a loss for years until research and development results come to fruition. For example, that credit could be used to hire additional employees. At average salaries of $120,000, the state could recoup that investment through income, sales, and property taxes within 7 years.

- Continue to increase the state's credit offset from 70% to 100%.
- Expand the eligible group of qualified small businesses to include S Corporations, partnerships, and limited liability corporations in the Biotech industry would allow for more growth in the life science industry.

Expand the Biotech Sales Tax Exemption to Include Consulting Services, Repairs, and Installations
Unlike our neighboring states, Connecticut imposes a sales tax on business-to-business consulting services. Life Science employers in Connecticut utilize consultants to grow their business resulting in significant tax liability. Consulting services, repairs and installations for the biotech/life science industry should be exempted from the sales tax.

Higher Education & Workforce

Increase Funding for the Roberta Willis Scholarship Program. Recommit to student financial aid by increasing the general fund appropriation for need-based financial aid under the Roberta Willis Scholarship Program, which awards need-based scholarships to Connecticut residents attending college in Connecticut. The general fund appropriation for the Roberta Willis Scholarship Program has not increased since 2010. This leaves Connecticut last in the northeast and 45th in the country in terms of the state investment in student grant aid as a percentage of the state's overall higher education budget, at just 2%. Investing more in need-based aid will support the state's goals of having a highly trained workforce, retaining more young people, and promoting economic mobility.

Expanding Connecticut's Tech Talent Pipeline. Support funding to expand the state's tech talent pipeline, similar to CT Health Horizons, with resources to support scholarships to increase enrollment, hire faculty, promote transfers, and establish employer partnerships. The state needs to make a significant investment to jumpstart the tech talent pipeline to prepare for the jobs of the future with funding to increase access and enrollment in our Computer Science and Engineering degree programs, leverage existing capacity at both public and private, non-profit colleges, and promote partnerships between higher education and industry.

Enhance STEM Education. Conduct a STEM education audit to ensure we are not only competitive with other states but taking the lead in ensuring a thorough STEM education early on. Compare regions across the state to ensure that STEM education and opportunities are equalized across the State. Leverage resources and training to promote diversity in careers in STEM with proper training for jobs available. Conduct a gap analysis to create educational programs to fulfill roles in the future and keep educated talent in the state.

Life Sciences and 21st Century Technologies

Study AI and Emerging Technologies

Request the Commissioner of Economic and Community Development to conduct a study of economic development issues in the state related to AI, quantum computing and other emerging technologies. This study should include:
- an accounting of the state's current public, private, educational and industry assets;
- how to incentivize companies to stay, partner, and expand here;
- what funding or infrastructure resources can be utilized and/or developed to de-risk R&D and fuel innovation;
- what inter-agency initiatives could be put in place to cultivate the talent pipeline, across the Connecticut education continuum;
- how to ensure ongoing, data informed budget and policy decisions related to regulating these emerging technologies.

This process should include a survey and input from diverse external stakeholders, consideration of a cross-industry workgroup to support engaged collaboration, and a report with recommendations on how Connecticut can lead in this space.

Accelerate the Development of New Markets, Technologies and Discovery
Support the strength and growth of the state's life science industry in the development of new markets, technologies and discovery. To foster innovation and advance the state's life sciences ecosystem, seek to:

- promote collaboration between industry and academia in the R&D ecosystem through initiatives such as joint public-private partnerships and de-risking "next stage" lab space;
- identify emerging state "sectors" where government supported R&D opportunities could provide access to needed specialized equipment, facilities, and expertise, and evaluate opportunities where government regulations, tax structures and additional supports could be incentivized to support the state's current and emerging life sciences infrastructure;
- track developing in-state discovery and technologies, against industry trends, towards accelerating innovation where Connecticut is uniquely poised to lead and accelerate the development of new technologies through open innovation challenges, innovation centers and cluster development;
- establish a standing life sciences advisory council focused to include intergovernmental/branch representation, state-wide industry and academia, with organized workgroups to allow for input and participation from diverse external stakeholders in the R&D ecosystem.

Patient Benefits and Access

340B Drug Pricing Program

Maintain the integrity of the federal 340B program which is intended for the underserved communities to have access to affordable medicines. The federal government must strengthen the safeguards and transparency within this program to ensure the discounts provided by manufacturers are going to where they are needed most: To lowering patient out of pocket cost. There needs to be greater transparency on how covered entities use these funds and who they are going to. Given that this is a federal program, states do not have a role to play in these reforms; however, there is presently legislation at the federal level to address these concerns.

In 1992, Congress created the 340B Drug Pricing Program to help uninsured and vulnerable patients. As part of the law, drug manufacturers provide significant discounts on outpatient medicines and treatments to select eligible health care "covered entities" — often referred to as safety-net providers. It is expected that these covered entities use the discounts they receive to provide access to outpatient prescription drugs and other services to uninsured and vulnerable patients. **However, there are growing concerns that this program expanded well past the intent of Congress, and patients are not seeing the benefits they deserve.**

Since its inception, the 340B program has grown dramatically. Currently, about 45% of all Medicare acute care hospitals participate in the program, and between 2014–2016, the volume of purchases made through 340B more than doubled, expanding 125%. In 2014, discounted purchases under the 340B Drug Discount Program totaled roughly $9 billion.[1] In 2022, the program reached approximately $54 billion, growing another 22% over 2021.

Lower Out-of-Pocket Cost for Patients
Medicines are a critical investment for improving patient health and reducing overall cost to the broader health care system. However, steadily increasing cost-sharing required by health insurers, in the form of higher deductibles and coinsurance, make it difficult for patients to afford their needed treatments. Health plans and pharmacy benefit managers (PBMs) negotiate substantial discounts and rebates on brand medicines, but these discounted prices are not made available to patients and, instead, are retained by PBMs as profits.

In 2022, the biopharmaceutical industry paid $223 billion in rebates, discounts, and other price concession into the health care system for brand-name drugs in the United States. The Federal Trade Commission found that PBMs steer patients to higher-cost drugs that generate higher profit margins through larger rebates, leading to increased costs for patients and restricted patient access to critical treatments. Rather than produce savings for patients, PBMs and other middlemen have created a complicated system that impedes competition and gatekeeps patient access and affordability. To correct these perverse incentives,

- PBMs should be required to clearly pass through rebates to patients in the form of lower out of pocket costs.

Requiring rebates to be passed through to patients will increase prescription drug affordability, medication adherence, and decrease overall healthcare spending.