# 2025 Connecticut Public Policy & Legislative Agenda

## Ensure a Competitive Policy & Fiscal Environment for Life Sciences Talent and Companies

### Research and Development Tax Credit Expansion
- Increase the exchange rate to **100% for biotech companies to be competitive with surrounding states.** Currently, CT companies can only exchange the credits for 65% of their value.
- Increase the cap on the use of Research and Development Tax Credits pursuant to CGS 12-217(j) and 12-217(n) from 70% to 100% of the Corporation Business Tax liability.
- Expand R&D credit provisions to allow biotech partnerships and biotech S Corps incurring qualified research expenditures in Connecticut to claim the credit currently provided to other business organizations.

### Eliminate or Reduce the Consulting Tax
- Life Science employers in Connecticut utilize consultants to grow their business resulting in significant tax liability. The consulting sales tax in CGS 12-407(a)(37)(j) should be reduced or eliminated.

### Decouple Connecticut's Amortization Requirement on R&D Tax Credits from the Federal IRC Section 174
- 'Decouple' CT tax code from the federal IRC 174 requirement to capitalize and amortize research and development expenses for biotech companies.
- Allow for current year deductibility of research and development expenses related to biotechnology as defined by Connecticut General Statute Section 12-412(89).

## Life Sciences and 21st Century Technologies

### 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:
- Continue/Increase funding to DECD to promote collaboration between industry and academia in the life science R&D ecosystem through initiatives such as joint public-private partnerships, accelerating the development of new markets and ensuring CT is competitive in attracting

and retaining talent. This could include specific directives for annual funding through the Innovation Cluster Program for projects that promote AI applications, "next stage" lab space, and educational/training of the next generation workforce.

- Establish a state-funded working group to track and report on developing in-state discovery and technologies, against industry trends, highlighting strengths and gaps, and making legislative recommendations for accelerating innovation where Connecticut is uniquely poised to lead. Funding opportunities should be identified and directed to accelerate the development of new technologies through open innovation challenges, innovation centers and cluster development.
- Ensure that legislation and policy on artificial intelligence protects and supports positive patient outcomes while promoting innovation in the state, including a focus on improving AI Literacy and evaluating surrounding states' regulatory framework on AI.
- Partner on a space needs assessment to include vivarium space (inclusive of companies that have since outsourced to other states); Ensure that companies have the space they need to maintain and grow all operations in the State by supporting and de-risking partnerships. Provide capital investments based on needs de-risking development for startups.

## Patient Benefits and Access

**Maintain the integrity of the Federal 340B program which is intended for the underserved minority communities to have access to affordable medicines**. Ensuring that there are continued safeguards and transparency within this program such as audits conducted by manufacturers, helps protect the limited resources that are going to where they are needed most. There needs to be greater transparency on how these funds are being used and who they are going to. There is presently legislation at the federal level to address these concerns. 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 in 2022, the program reached approximately $54 billion, growing another 22% over 2021.

**Oppose the Creation of Pharmaceutical Drug Affordability Board (PDAB)**
There are many uncertainties that exist with the proposed adoption of a PDAB. There are currently eight states that have created PDAB's which have yet to realize any savings to patients since their creation. Membership on these boards are statutorily composed of members that have expertise in health care economics or clinical medicine. Membership does not include any patient

representation, and no specialty provider or pharmacist representation. These PDAB's lack transparency or expertise to handle and review the complexities of the supply chain which may cause disruption in patient access to treatments and provider reimbursements for medications. None of the PDAB's established are focused on patient out of pocket costs.

Establishing a PDAB in Connecticut would also run contrary to Connecticut's existing Non-medical Switching law PA 21-96 which protects patients from non-medical switching decisions which belong with providers and patients. A Connecticut PDAB is also likely to undermine the State Employee Union Formulary Benefits Collective Bargaining.

**Office of Health Strategy**
The OHS Benchmarking process lacks legislative oversight and transparency regarding their methodologies and metrics by how they arrive at their data. Additionally, there is no input or process by which entities can engage them to determine what if any impact they may have had as a "significant contributor". The OHS does not consider all factors related to healthcare cost drivers and often relies on outdated or skewed data. During the 2025 session OHS will be looking to increase their oversite and authority, which should be kept in check especially based on the recent State Auditors report that was released.