



April 17, 2008

The Honorable Nydia M. Velázquez, Chairwoman
The Honorable Steve Chabot, Ranking Member
Committee on Small Business
U.S. House of Representatives

Dear Chairwoman Velázquez and Ranking Member Chabot:

On behalf of the Biotechnology Industry Organization (BIO), I am writing in strong support of H.R. 5819, the "Small Business Innovation Research Program Reauthorization Act." BIO represents more than 1,200 biotechnology companies, academic institutions, state biotechnology centers and related organizations in all 50 U.S. states. The overwhelming majority of BIO member companies are small, early stage research and development oriented companies pursuing innovations that have the potential to improve human health, expand our food supply, and provide new sources of energy.

H.R. 5819 recognizes that the Small Business Innovation Research (SBIR) Program - last reauthorized in 2000 - plays an important role in the development of new breakthrough therapies to improve human health, and must be updated to reflect the new realities facing America's small businesses in the 21st century. Of the 252 FDA approved biologics that have been developed by 163 companies, thirty-two percent of these companies have received at least one SBIR or STTR award.

Small biotechnology companies, in particular, face the constant challenge of raising sufficient capital to fund biomedical research. This funding shortage is most acute for research projects at the earliest stages, exactly the point at which SBIR funds can be most productive in fostering science and innovation. By filling this market gap, SBIR funds have helped small biotechnology companies continue lines of medical research that might otherwise go unfunded. Simply put, H.R. 5819 will increase access to critical, early-stage sources of funding for small businesses, including small biotechnology firms, thus facilitating economic growth, job creation, new breakthrough therapies for patients in need, and American economic competitiveness in the global economy. This is exactly the intent of the SBIR program, as created in 1982.

In particular, BIO strongly supports the provisions of H.R. 5819 that will modernize the Small Business Administration's rules defining what constitutes a small business for purposes of the SBIR and STTR programs. Small biotechnology, medical device and other life sciences firms increasingly rely on venture capital investments to fund research and development. H.R. 5819 will correct a misinterpretation of SBA regulations currently excluding many venture capital-reliant

small companies from eligibility for the SBIR and STTR programs. This provision will ensure that many of America's most innovative small businesses are not prevented from accessing SBIR/STTR awards simply because of their capital structure. Your foresight will help keep the United States as the leader in biotechnology by making certain that small domestic biotech companies have increased access to capital for cutting-edge, early-stage technology.

I look forward to continuing to work with you to reauthorize the SBIR program before its expiration on September 30, 2008, in a way that allows all of America's innovative small companies with sound science to compete for SBIR and STTR grants.

Sincerely,

A handwritten signature in black ink that reads "Jim Greenwood". The signature is written in a cursive style with a large, sweeping initial "J".

James C. Greenwood
President and CEO
Biotechnology Industry Organization

cc: Small Business Committee Members