

TBA pushing for subtle, but potentially powerful changes

The New York Times reported June 16 that some pioneers of information technology now are shifting their focus to biotechnology. The article suggests that the application of technological innovations to health and other biological issues is supplanting IT as a primary driver of technological development and economic growth in the United States.

This trend presents enormous opportunities as well as challenges for Nashville and for Tennessee. Opportunities in biotech result from Nashville's proven success in for-profit health care services, from the entre-



GUEST COMMENTARY

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preneurial and managerial talent that success has spawned, and from the intellectual property being developed at institutions such as Vanderbilt University, St. Jude Children's Research Hospital in Memphis, Oak Ridge National Laboratories in East Ten-

nessee and our state universities.

Many obstacles currently impede our ability to capitalize on our opportunities and resources. While Tennessee has attracted significant venture capital in recent years, most has been to fund health care service and other companies that are not primarily based on technology.

Access to seed and later-stage capital remains a significant problem for our developing biotech companies. Biotech companies also need access to an educated and skilled work force. Unfortunately, Tennessee continues to rank close to last among the states in

most measures of education. Tennessee also lags behind many states in providing tax and other incentives to recruit new technology companies and nourish indigenous ones.

The Tennessee Biotechnology Association, which represents companies, non-profit institutions and individuals involved with biotech, is attempting to address the obstacles in order to enable our city and state to capitalize on their strengths. Some of TBA's objectives require action by our state government, some depend solely on private support and some require a combination. Many of these objectives are spelled out in the report of the Governor's Task Force on Biotechnology, which the TBA was instrumental in initiating.

Creating a sufficiently skilled work force requires quality education at all levels. TBA is trying to identify sources of grants and is partnering on grant proposals, aimed at funding innovative educational or work force development programs. Additionally, TBA has worked with Williamson County to develop and support a high school biotech curriculum and with Vanderbilt's Owen Graduate School of Management to develop a certificate program in biotech management.

To address the need for capital among our technology companies, TBA supports letting state retirement funds invest of a small percentage of the funds in venture capital companies located in Tennessee. TBA also supports allocation of \$10 million to \$20 million of proceeds from the tobacco settlement, to establish a seed capital fund, which would invest in early-stage technology companies that might be too risky for a retirement fund.

TBA also supports tax incentives for technology companies. Currently, over 30 states provide a credit against franchise and excise tax based upon companies' in-state research and development expenditures. Tennessee has no similar credit and, unless it adopts one, is likely to lose chances to recruit biotech companies and to retain small, start-up biotech companies.

TBA also supports expansion of the current credit for job creation to take account not only of the number of jobs created, but also of the additional wages and salaries created by the new jobs. This would provide an incentive for technology companies to create high-paying technical jobs as well as for manufacturers and service providers to create lower-paying ones.

Nashville and Tennessee as a whole have the intellectual capital, managerial experience and entrepreneurial spirit needed to develop a vibrant biotech industry. TBA is leveraging its admittedly limited resources and is encouraging our state government to devote a small amount of its resources so that Tennessee can take fullest advantage of its existing strengths.

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