



High-Growth Companies Account for Fifty Percent of New Jobs in the U.S. Let's IGNITE American Innovation in Combatting COVID-19

As policymakers work through the greatest public health and economic challenges in our lifetimes, we urge them to consider policies that can create more jobs researching and building the products needed to fight COVID-19, as well as technologies that will drive future economic activity.

With the introduction of the *IGNITE American Innovation Act*, Representatives Dean Phillips (D-MN) and Jackie Walorski (R-IN) have done just that. This bipartisan bill will provide short-term liquidity to startups, which can be used to create and retain jobs and accelerate research projects to help bring the nation out of the economic downturn. The proposal provides much needed relief to companies hard-hit by the current economic situation and that advance economic progress in a bipartisan fashion. We urge its inclusion in the next COVID response legislation.

The *IGNITE American Innovation Act* will foster the restart and new creation of high-tech businesses with accompanying good paying jobs that America will need to bring it out of the COVID-related downturn and sustain our economic growth for years to come. A recent [report](#) from the University of North Carolina's Kenan Institute of Private Enterprise on trends in entrepreneurship declared that "young firms are critical to economic health." According to the Institute, high-growth companies, including many that are technology-focused, account for almost 50 percent of new jobs created in the U.S. every year. Furthermore, total high-technology employment in the U.S. grew by around 20 percent from 2007-2016, and these jobs both paid higher median wages and were created faster coming out of the financial crisis than non-high-technology jobs in states across the U.S.

Like most small enterprises, startups don't see short-term profits immediately and often operate in a loss position for years, investing heavily in growth activities such as R&D and hiring. This model generates so-called deferred tax assets because companies are incurring expenses

in excess of revenues, in a bid to create a product or technology that can create long-term value. The *IGNITE American Innovation Act* will allow high-growth startups to access up to \$25 million in net operating loss (NOL) carryforwards and R&D credits, providing fast and efficient capital availability to support companies through the downturn and will be offset overtime through higher tax payments once they become profitable. And, a company's ability to re-invest this capital has lasting and important impact.

One medical technology innovator, ViewRay, Inc., headquartered in Oakwood Village, Ohio, manufactures MRIdian®, a system that enables physicians to deliver personalized radiation therapy to treat cancer patients, resulting in fewer hospital visits. "We've taken drastic steps, including eliminating about 60 jobs and pay reductions, to reduce spending since hospitals have virtually frozen investments in technology because of the pandemic," reports Scott Drake, ViewRay's Chief Executive Officer. "The *IGNITE Act* would allow us to restore jobs dedicated towards improving patient outcomes and alleviating suffering."

The *IGNITE American Innovation Act* also provides a supplement for tax assets generated by research and production of technologies intended to prevent, diagnose, and treat COVID-19. U.S.-based high-growth startups are some of the most innovative companies in the world, particularly in health care. A recent [report](#) from Silicon Valley Bank found that startups backed by venture capital accounted for 42 percent of all FDA-approved drugs, and 52 percent of drugs originating from U.S. companies. The same report noted that one-third of all diagnostic testing and analytic companies that raised capital in 2020 are developing tests and technologies for COVID-19.

Dr. Gil Van Bokkelen is the Chairman and CEO of Ohio-based therapeutics company, Athersys. His company is focusing part of its research on treatments for COVID-related acute respiratory distress syndrome (ARDS). He spoke to the economic need for *IGNITE*, saying: "This legislation represents a much-needed mechanism for providing additional capital for many emerging technology companies that are focused on addressing some of our nation's most pressing long-term challenges. Importantly, it's designed to help catalyze and accelerate development of highly innovative technologies, create high quality jobs, and stimulate economic growth in a manner that pays for itself over time."

The proposal also helps hard-hit industries such as the clean tech sector, which has lost over 600,000 jobs during the pandemic, as stated in an analysis released by BW Research. These job losses are in states across the country including Ohio, Michigan, Texas, Georgia, Florida and North Carolina.

Clean tech companies are also solving for access to technologies here in the U.S. For instance, Illinois-based battery maker, NanoGraf, is developing a technological breakthrough in the performance capacity of batteries. But long research cycles mean NanoGraf can't rely on short-term profits to survive. This policy grants companies like NanoGraf the time and capital required to drive innovation that strengthens the domestic battery industry -- which is currently concentrated largely outside the United States -- and to drive greater energy independence.

The United States leads the world in many dynamic industries, including those that develop lifesaving and life-changing innovations, and the *IGNITE American Innovation Act* will enhance our global competitiveness and help maintain our leadership position. Representatives Phillips and Walorski have found a bipartisan way to fight the immediate public health crisis, create quality jobs during an economic downturn, and support other critical public policy objectives such as accelerating new medical cures and advanced energy technologies. It is rare that legislation can support so many critical public policy priorities at once, and for these reasons we urge policymakers to give this bipartisan duo's hard work thorough consideration.

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