



**Testimony for PA Senate Institutional Sustainability & Innovation Committee**

**Topic:** Life Sciences Funding and Partnerships including SB 792

**Date:** May 7, 2026

**Location:** The Assembly, Pittsburgh

Chairman Farry, Minority Chair Kearney, and members of the Committee:

On behalf of the Allegheny Conference (the Conference), thank you for the opportunity to submit testimony on life sciences funding and partnerships in the Commonwealth, including support of SB 792 and its proposed expansion of the R&D Tax Credit. We appreciate Chairman Farry's leadership on this legislation and the bipartisan support of many co-sponsors on both sides of the aisle.

The Conference represents a broad coalition of business, labor, and civic leadership across the Pittsburgh region. Our work is focused on strengthening regional economic competitiveness, and increasingly, that work is inseparable from the ability to translate research into commercial activity, company growth, and job creation across the full regional economy. In Southwestern Pennsylvania, economic competitiveness is shaped by a diverse set of industries that rely on continuous investment in research, product development, and process improvement. For the economic competitiveness of this region – and for Pennsylvania – the R&D Tax Credit is not an abstract policy tool but is tied to research, innovation, and the ability to grow companies in place.

We commend the Committee for holding this hearing in Pittsburgh and in particular here at The Assembly. Southwestern Pennsylvania is uniquely positioned within the Commonwealth's innovation economy, with a concentration of research institutions, integrated healthcare systems, advanced manufacturing capabilities, and emerging strengths in technology and life sciences sectors - many of whom are located right here in The Assembly – a concrete example of our region's innovation and university strength.

**Regional Strengths in Life Sciences**

Southwestern Pennsylvania possesses deep strengths in biomedical research and computational sciences, anchored by globally recognized research institutions like the University of Pittsburgh (Pitt) and Carnegie Mellon University (CMU). Over the last several years, the region has positioned itself to lead in two converging areas of innovation: data-driven healthcare and connected medical devices, and next-generation therapeutics and precision medicine.

Both platforms leverage the Pittsburgh region's distinct combination of assets: integrated healthcare providers and insurers; expertise in AI, robotics, and informatics; and a growing number of startups and pilot projects. The economic value of these assets comes when ideas become products, products move through validation and commercialization, and companies are able to manufacture, scale, and grow in the region.

We already have examples of that pathway in Southwestern Pennsylvania, funded through the R&D Tax Credit. Krystal Biotech demonstrates how advanced therapeutics move from innovation to an approved product and local manufacturing. Smith & Nephew reflects the region's strength in connected medical devices and surgical

technologies, with significant R&D presence rooted in technology that began as a CMU spinout. BioForge, located at Hazelwood Green, represents a critical and important step in the pathway – building biomanufacturing capacity that can help the region retain more downstream activity tied to next-generation therapeutics.

The life sciences ecosystem in the Pittsburgh region is innovation-rich – it has the institutions, the technical talent, and the company activity that generate innovation. The future opportunity is continuing to ensure that innovation is commercialized, manufactured, and grown in Southwestern Pennsylvania, so the resulting jobs, investment, and supplier activity remain in the region.

### **The Broader Innovation Economy**

Given its unique combination of assets, Southwestern Pennsylvania’s economy is shaped by a set of industries that depend on continuous innovation:

- Life sciences, including therapeutics, medical devices, and digital health
- Technology and robotics, particularly AI and automation
- Advanced manufacturing, including materials, industrial production, and supply chains
- Energy including natural gas, coal mine methane capture (CMM) and advanced nuclear, where applied research drives efficiency and competitiveness

While these sectors are distinct, they rely on the same underlying capacity: the ability to develop new products, improve systems, and bring those improvements into production.

That same progression in life sciences applies across the region’s industrial base, where research and engineering capabilities are translated into product development and, increasingly, commercial-scale production. In advanced manufacturing, energy technology, and robotics/AI, innovation has to move quickly from technical development into equipment, systems, production processes, and facilities.

Last year’s report to the Pennsylvania General Assembly on the R&D Tax Credit reinforces how innovation in manufacturing creates broader economic value – manufacturing represented the largest share of applicants and received the largest share of credits awarded. The largest awards went to pharmaceutical and medical equipment manufacturers, underscoring how the credit reaches both traditional industrial activity and innovation-intensive production.<sup>1</sup>

Manufacturing jobs in this region account for about 9.0% of GRP and is central to innovation-intensive industries like nuclear, robotics, and defense – manufacturing niches with tremendous potential to convert R&D into product development and scalable commercial growth.

### **Competitiveness and Commercialization**

The question for Southwestern Pennsylvania is not whether innovation is happening. It is whether the region will continue to translate its research, technical capacity, and company activity into sustained commercial growth at a more robust pace as competing regions.

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<sup>1</sup> News and Statistics. (October 2025). The Research and Development Tax Credit report to the Pennsylvania General Assembly. *Pennsylvania Department of Revenue. 2025 Research & Development Tax Credit Report to the Pennsylvania General Assembly (DOP-26).*

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Other markets have moved aggressively to pair research strengths with capital, commercialization infrastructure, manufacturing capacity, and state-backed investment strategies. All of this matters because the most valuable economic activity often comes after the initial idea or research stage: when companies raise growth capital, expand facilities, hire specialized workers, build supply chains, and manufacture products.

That competition gap is especially clear in life sciences, where the path from discovery to market is long, capital-intensive, and highly competitive. scaling production. Early-stage firms often need funding before revenue is available, while larger firms must continuously reinvest to remain competitive.

Without strong continuity through those stages, the Pittsburgh region risks generating ideas and early company activity, while other markets capture more of the manufacturing, jobs, facilities, and supplier demand that follow. Expanding the R&D Tax Credit will strengthen the ability of companies to keep investing through the most difficult stages of commercialization.

If companies can continue investing through the development-to-production stage, Southwestern Pennsylvania captures more of the downstream value. If they cannot, the idea may stay here, but the larger economic return can move elsewhere.

#### **R&D Investment as a Tool to Unlock Growth**

The R&D Tax Credit is highly relevant to economic competitiveness in Southwestern Pennsylvania because it supports the part of the economy where the region has both strength and need: companies investing in new products, new processes, and new production capacity.

For established firms, that means continued investment in R&D and product development. For smaller and pre-revenue firms, the ability to monetize credits can provide capital when traditional financing is limited. In a competitive market, that kind of support can help more of Southwestern Pennsylvania's research become products, and more of those products become companies, facilities, and jobs in the region.

The dual function of the credit is also particularly significant for the Pittsburgh region, as its innovation economy includes both ends of the spectrum: early-stage companies trying to commercialize new technologies, and established employers modernizing production and expanding capabilities. Expanding the credit through SB 792 would strengthen an existing tool that applies across the full range of company activity.

For Southwestern Pennsylvania, this testimony is not only about encouraging more research. It is about helping companies carry innovation further into product development, commercialization, manufacturing, and growth. It is in the latter where huge economic impact is realized, and that is why proposed expansion of the R&D Tax Credit is important for the economic competitiveness of the Pittsburgh region. With the expansion comes stronger support for sectors already driving the region's innovation economy: life sciences, technology, manufacturing, energy, and related industrial activity.

#### **Conclusion**

Southwestern Pennsylvania has the assets, companies, and industrial capacity to compete in an economy increasingly defined by innovation. The region's strength is not limited to ideas but the ability to connect research to product development, product development to production, and production to broader economic activity across a range of sectors.

That progression is where the greatest value lies – and where public policy can make a material difference. SB 792 strengthens an existing tool that already supports sectors central to Southwestern Pennsylvania’s growth: life sciences, technology, advanced manufacturing, energy, and applied industrial activity.

Expanding the R&D Tax Credit would help more companies continue investing through the stages where capital needs are highest and competitive decisions are most consequential. For the Pittsburgh region, that means a better chance to retain companies, expand production, support skilled jobs, and ensure that innovation generated here becomes economic growth here.

For these reasons, the Conference respectfully supports SB 792.

Respectfully,

**Ben Bush**

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Allegheny Conference on Community Development

