April 15, 2015

The Honorable Rob Portman
Co-chair
Working Group on International Tax
448 Russell Senate Office Building
Washington, DC 20510

The Honorable Chuck Schumer
Co-chair
Working Group on International Tax
322 Hart Senate Office Building
Washington, DC 20510

Dear Senator Portman, Senator Schumer, and the International Tax Working Group:

On behalf of the more than 1,000 Novozymes employees in the United States, I want to thank you for your efforts to improve America's corporate tax code and help us drive innovation, expand facilities and hire the next generation of scientists, technicians and plant operators.

Novozymes is the world leader in bio-innovation, with more than 6,000 employees around the world working in research, production, sales, and administration. Our North American operations are spread across 10 states. We produce enzymes and microbes that are used in a wide range of industries, including agriculture, biofuels, food and beverage, cleaning products, detergents, and pharmaceuticals. We are actively working to expand and grow our company in the United States and your efforts to reform the tax code will help us create more jobs. We recently hired 100 scientists for our new facility in North Carolina's Research Triangle Park and we are looking to expand at our sites throughout the country.

The biotechnology industry in particular requires significant capital investment in new factories, laboratories and facilities. A supportive and predictable tax policy helps companies like Novozymes invest and expand more aggressively.

Global companies like ours are an increasingly important source of new investment in the United States, creating jobs in all 50 states. Novozymes has been a major contributor to this trend, investing $500 million in the advanced biofuels industry over the past decade. Last year, our CEO Peder Holk Nielsen was invited to the White House to discuss strategies that would increase foreign direct investment in the United States.

Investments like this are made in spite of an onerous corporate tax rate, currently the highest among countries in the Organisation for Economic Co-operation and

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Development. We greatly appreciate your interest in lowering the corporate tax rate. A lower and more competitive, corporate tax rate could make it easier for Novozymes to invest in the United States instead of building our next advanced manufacturing facility or hiring employees in Asia or South America. Foreign direct investment in the US would be more encouraged by pro-growth tax reform that lowered the corporate rate from 35 percent to a rate below 30 percent.

Tax policy uncertainty is also a major hurdle for our investment. For example, the tax incentive for research and development is temporary and unduly complex. A permanent, predictable and streamlined R&D tax credit would encourage additional investment and hiring. We re-invest 14 percent of our revenue into research and development. Our facility in Davis, California, is a pure research facility.

Crucially, the cost of tax code reform should be paid for by broadening the corporate tax base in a reasonable and even-handed way that does not inhibit economic growth by discriminating against foreign-owned businesses. Restricting foreign-owned companies' ability to deduct interest expense would discourage investment and hiring in the United States. Any reform that limits the deductibility of interest or other business expenses (such as royalties) should affect only transactions that are designed to avoid tax responsibility and erode the tax base. Unfairly penalizing business-motivated financing of U.S. investment on reasonable commercial terms will drive Novozymes and other global companies to invest in other markets.

Novozymes also has a strong interest in predictable and supportive energy tax policy. In particular, the growth of the advanced biofuel sector is critical to Novozymes' business interests. Novozymes enzymes are used to manufacture both ethanol and advanced biofuels. Cellulosic biofuels can be an enormous boon to the economy while providing a secure domestic fuel source, but uncertainty over renewable energy tax incentives contributes to the halting development of second generation production facilities.

We encourage you to provide investors with the certainty that they need to make multi-year commitments and to level the playing field with incumbent energy resources by reforming and updating the tax provisions affecting second generation biofuels.

Novozymes supports a portfolio of reforms endorsed by an ad hoc coalition of the Renewable Fuels Association; the Advanced Ethanol Council; Growth Energy; the Biotechnology Industry Organization and the Algae Biomass Organization, which include:

- Making permanent the Second Generation Biofuel producers tax credit (PTC);
- Making permanent the accelerated depreciation provision for Second Generation Biofuel plant property.
- Allowing developers to elect a one-time investment tax credit (ITC) in lieu of the PTC.

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Novozymes supports a U.S. tax code that recognizes scientific innovation as an important economic driver. A reformed tax code that lowers the corporate tax rate and encourages investment in innovation and advanced manufacturing will make the United States an even more appealing market for foreign direct biotechnology investment. Thank you again for taking on this important project, we look forward to working with you on our shared priorities.

Sincerely,



Adam Monroe
President, Americas

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