



DATE: April 18, 2023  
TO: Committee on Taxation  
FROM: Samantha Warren, UMS Director of Government & Community Relations  
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RE: **LD 1475, An Act to Promote Biomanufacturing and Biotechnology Development by Establishing a Tax Credit**

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Senator Grohoski, Representative Perry and distinguished members of the Joint Standing Committee on Taxation: My name is Samantha Warren and I am the Director of Government Relations for the University of Maine System (UMS), writing to inform your consideration of LD 1475, *An Act to Promote Biomanufacturing and Biotechnology Development by Establishing a Tax Credit*.

In recognition of the unique role of research and development (R&D) in driving and diversifying private sector growth, 25 years ago the Maine Legislature established both the Maine Technology Institute (MTI) and the Maine Economic Improvement Fund (MEIF), which targets investment in commercially promising R&D within Maine's public universities including in biotechnology.

Today, **MEIF generates at least a 6:1 return for Maine and creates the capacity at the University of Maine and across our System to prepare our state's knowledge and technical workforce, and help hundreds of companies each year to develop new products and processes necessary to stay competitive in a global economy and support good-paying Maine jobs.** Thanks to the ongoing MEIF investment supported by the Legislature, our small rural state is home to researchers and innovators of international impact, working here and around the world to solve "wicked problems" of local relevance, like how to adapt heritage industries for changing markets and climates, manage and mitigate PFAS, detect cancer earlier, and even 3D-print affordable housing from wood waste.

When MEIF and MTI were created, Maine ranked last among the 50 states for R&D spending, and despite the impact of these initiatives, has only improved to 44<sup>th</sup>, investing just 1% of GDP compared to the 4.8% New England average. Given this, **every serious economic study undertaken in our state in recent years has called for bold increases in R&D investment, including a call in the 2022 Measures of Growth report to triple spending by 2030 and the 2022 Making Maine Work report noting, "State government can double its investment in R&D annually without running out of viable projects."**

The 10-year state economic development strategy recommends that Maine utilize a combination of public subsidies, tax incentives and higher education investments, as does a forthcoming action plan from the Maine Innovation Economy Advisory Board, which is chaired by UMaine President Joan Ferrini-Mundy, who is also our System's first Vice Chancellor for Research and Innovation.

UMS supports this comprehensive approach.

A proposal to appropriate an additional \$6M annually for MEIF is pending before the Legislature, having been endorsed by the Education & Cultural Affairs Committee last month, and would enable UMS to work with even more companies and address critical challenges confronting the state through targeted interdisciplinary research solutions.

Meanwhile, the tax credits proposed by LD 1475 would help reduce high up-front costs and time to commercialization for biotechnology and further leverage the State investment in MEIF and UMaine's recent designation as a top-tier R1 institution — one of only 146 in the nation.

In addition to being attracted to the Portland area where UMaine has expanding R&D activities and the University of Southern Maine has established R&D operations, it is likely with the right incentives, a private sector biotechnology incubator could locate in the Greater Bangor region. This would allow them to be close to the flagship's world-class facilities and our faculty, students, postdoctoral researchers and tech transfer experts who are innovating at the intersection of biosciences and our heritage farming, fishing and forestry industries.

By way of example, though not a biomanufacturing company, just this month, Tyler Technologies, which is headquartered in Texas but employs 1,000 Mainers, broke ground on its newest office, strategically situated in Orono for proximity to UMaine talent and innovation.

Our state has tremendous assets like UMaine and its many industry, institutional and nonprofit partners, including The Jackson Laboratory and FocusMaine, that position us to be competitive in recruiting biotechnology and manufacturing investment, jobs and opportunity. Continued investment in high-return R&D at UMS combined with new incentives that help businesses in the sector start-up and stay will allow Maine to realize its potential and greater prosperity.

We thank the Committee for your consideration of LD 1475 and welcome any requests for additional information in advance of your work session.