



PUBLIC HEARING TESTIMONY
IN SUPPORT OF LD 416

April 24, 2023

**An Act to Authorize a General Fund Bond Issue for Research and Development
and Commercialization**

Committee on Appropriations and Financial Affairs

**Submitted by Michael McKernan, Director, Government and Community Relations,
The Jackson Laboratory**

Senator Rotundo, Representative Sachs and members of the Committee on Appropriations and Financial Affairs, my name is Mike McKernan. I am Director of Government and Community Relations at The Jackson Laboratory and a resident of Bar Harbor. I am pleased to testify in **support** of LD 416, which, if enacted, will advance to Maine voters for approval a strategic, scalable, and sustainable investment that will benefit people in every county in the state.

You will hear during today's testimony that state investment in research, development, and commercialization is **strategic**. Investment in R&D advances goals established in Maine's 10-year Economic Development Plan and it supports strategic technology sectors including biotechnology, composites, environmental technology, forest products and agriculture, information technology, marine technology and aquaculture, and precision manufacturing. Maine has a strategy; it now needs to capitalize it.

State investment in R&D is smart because the investments are **scalable**. State investments help R&D organizations expand their footprint and enhance their products and services, resulting in a significant return on state investment and increased GDP. An R&D bond was last approved by Maine voters in 2017, during the LePage administration. Through a competitive review process, JAX was awarded \$12.5 million to complete the second phase of our state-of-the-art production facility in Ellsworth, helping us scale our Maine-based production and meet the increased demand for research mouse models for human disease. The return on the state's investment is ongoing and substantial. Comparing JAX's economic footprint before and after the bond, the investment in JAX enabled:

- An increase of 83,000 ft² of production space in Maine with room for an additional 180 employees;
- A 36% increase in annual revenue, today, compared to before the bond investment (+\$86 million);
- A 10% increase in Maine employees, today, compared to before the bond investment (+150 people) accompanied by a 29% increase in compensation (+\$36 million).

This increase in economic activity is growing local and state tax revenues, and enabling increased infrastructure investments in housing, childcare, and workforce transportation. Additional downstream benefits include the growth of Maine vendors and suppliers who scale their own operations to support R&D customers.

Finally, support for research, development, and commercialization is **sustainable**. Investments in R&D generate revenue from federal research grants and/or revenue derived from the sale of products or services. Research institutions like UMaine and JAX sustain R&D by leading the state in federal research grants—\$19 million in NSF grants to UMaine and \$79 million in NIH grants to JAX in 2022 alone. These grants are often multi-year and renewable. Similar grants made to other research organizations nationwide ensure the sustainability of revenues coming into Maine through demand for software or services like those created by Rockstep Solutions or hydration gel packs produced by ClearH₂O. These revenues enter the Maine economy and sustain many other businesses. In 2022, for example, The Jackson Laboratory spent \$60 million with almost 600 Maine-based vendors from 116 towns - including wood pellets from Athens, insurance coverage from Bangor, and boiler mechanics from Lincoln.

As you've heard from others, Maine's total investment in R&D has been inconsistent, unpredictable, and deficient. This bill is an opportunity to make a well-timed correction to plans already on the table. We ask the committee to authorize LD 416. Thank you for your consideration of my testimony.