



PUBLIC HEARING TESTIMONY
NEITHER FOR NOR AGAINST
THE GOVERNOR'S CHANGE PACKAGE TO LD 258

May 18, 2023

An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2023, June 30, 2024 and June 30, 2025

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'm here to testify neither for nor against the Governor's change package to the biennial budget, and call to your attention to the fact that although the change package proposes one-time funding for bipartisan priorities including housing, workforce development, and transportation, no funding is included for other bipartisan priorities, notably, broad state-wide and competitive investments into research and development.

We urge the Appropriations and Financial Affairs Committee to consider one-time funding for R&D in this change package, or pass LD 416, the bill already before your committee that will authorize a general fund bond issue that would fund competitively awarded research and development and commercialization projects, with a requirement of at least 1:1 matching investment – in effect, a doubling of the State's investment.

Dozens of individuals and institutions are already on record in strong support of state investments in R&D included in several bills¹²³ that have come before the Legislature this session. The Innovation, Development, Economic Advancement and Business Committee, in their March 10, 2023 report-back on the biennial budget, also expressed unanimous support for "ongoing efforts to promote research and development in the State of Maine."⁴ Two important

¹ LD 416 - An Act to Authorize a General Fund Bond Issue for Research and Development and Commercialization, <https://legislature.maine.gov/LawMakerWeb/summary.asp?ID=280085744>

² LD 1475 - An Act to Promote Biomanufacturing and Biotechnology Development by Establishing a Tax Credit, <https://legislature.maine.gov/LawMakerWeb/summary.asp?ID=280088281>

³ LD 427 - An Act to Authorize a General Fund Bond Issue to Invest in Research, Development and Commercialization in Maine's Marine Technology and Aquaculture Sector, <https://legislature.maine.gov/LawMakerWeb/summary.asp?ID=280085777>

⁴ <https://legislature.maine.gov/doc/9899>

themes reflected in this prior support can be restated here to make an even stronger case for one-time funding in the change package.

First, the Administration justified the inclusion of one-time spending in this change package partly because revenues are expected to plateau in coming years. As this Committee understands, R&D investments lead to economic growth and contribute to increasing state revenues. If revenues are expected to plateau, it is sound fiscal policy to invest in initiatives that will grow future revenues with a program that, at a minimum, would double the State's investment. R&D investments help institutions like JAX and The University of Maine compete for multi-year, renewable, federal grants. In 2022, these grants included \$19 million in NSF awards to UMaine and \$79 million in NIH awards to JAX. These federal dollars are expended in Maine and provide direct economic impact for small and large businesses. For example, in 2022, JAX spent \$60 million with 600 Maine-based vendors from 116 towns, purchasing wood pellets from Athens, insurance from Bangor, boiler services from Lincoln, and industrial equipment from Portland.

Second, the Administration proposed in the change package one-time investments that “aim to address some of Maine’s most pressing and urgent problems, including housing, homelessness, food insecurity...and continued workforce development efforts”⁵. Investment in R&D also helps solve these problems. Take housing: as you may know, the strength of the biosciences sector has helped JAX construct desperately-needed workforce housing and childcare in Bar Harbor. Consider workforce: in the last two weeks, JAX has converted five apprentices and interns from Eastern Maine Community College and Maine Maritime Academy to full-time employees in building automation, electrical, and stationary engineering roles. Finally, consider human health: R&D investments are helping JAX scientists understand the genetics of opioid overdose. In fact, JAX is working with State Director of Opioid Response Gordon Smith to highlight Maine opioid research during Governor Mills’ Annual Opioid Response Summit, to be held this summer. Addiction is a genetic disorder and R&D investment can help JAX find solutions.

The Administration has presented this change package as an opportunity to make strategic and necessary one-time investments to address critical issues. Even though Innovation is called out as a driver of Maine’s 10-year Economic Development Plan, subsequent investment has been insufficient and inconsistent. The absence of state-wide R&D investment in the change package is notable and we urge this Committee to amend the change package or authorize the R&D bond.

⁵ Testimony of Kirsten Figueroa, Commissioner, Department of Administrative and Financial Services, May 15, 2023. <https://legislature.maine.gov/doc/10092>