



Teresa Schmitt Pierce  
Senator, District 25  
Senate Majority Leader

THE MAINE SENATE  
132nd Legislature

6 Waites Landing Road  
Falmouth, ME 04105

***Testimony of Senate Majority Leader Teresa S. Pierce introducing  
LD 788, An Act to Promote an Innovation-driven Economy by Increasing  
Research and Development Spending  
Before the Joint Standing Committee on Housing and Economic Development  
March 11, 2025***

Chair Curry, Chair Gere, and esteemed members of the Joint Standing Committee on Housing and Economic Development, my name is Teresa S. Pierce. I serve as the Senate Majority Leader, representing Senate District 25, which includes Falmouth, Cumberland, North Yarmouth, Yarmouth (majority), Gray, and Long Island. I am here today to introduce **LD 788, An Act to Promote an Innovation-driven Economy by Increasing Research and Development Spending**.

LD 788 would task the Maine Economic Growth Council (MEGC) to prioritize the goal of increasing research and development spending as a percentage of the State's economy to meet the national average by 2030. It also directs the MEGC to track the progress toward the research and development spending goal and submit a report annually to the Legislature. Further, this bill promotes collaboration by allowing the MEGC to seek budgetary recommendations from GOPIF and the Maine Innovation Economy Advisory Board regarding the R&D spending goal.

As the lead sponsor of the \$25 million Research and Development and Commercialization bond approved by the 131st Legislature and a majority of Maine voters in 2024, I strongly believe R&D spending is one of the best investments we can make. According to an economic analysis, the \$45 million dollar investment in 2017– approved by the Legislature, signed by Governor LePage, and approved by the voters, generated more than 5,350 jobs, and \$1.4 billion in economic impact for the State of Maine, reaching every corner of the state. The result of that initial investment is economic growth equivalent to more than 31 times the original state expenditure.

Below is a page from MEGC's 2024 Measures of Growth Report. You will see that state R&D spending is a strong indicator of economic activity and innovation. Maine ranks 37th of the 50 states, lagging behind other states in private sector and university R&D investments relative to GDP, while our nonprofit sector contributes a relatively high proportion of spending. In 2021, the University of Maine's R&D expenditures reached \$179 million, a record high, and in 2022 the University of Maine earned an R1 research designation, the highest tier possible.

As we continue our work to solve the pressing issues affecting our state and its people, such as the lack of affordable housing and child care and creating well-paying, family sustaining jobs, I feel it's important to continue elevating this conversation. When initiatives are put into statute, it leads to greater focus and lends a level of importance that focuses all stakeholders. I believe the level of collaboration the MEGC fosters is necessary for the further innovation and growth.

Thank you for the opportunity to present this bill and for your attention to this matter. I look forward to the work session and am happy to answer any questions you may have.

Research & Development

+0%

In 2021, Maine’s R&D spending increased but was still 1.1% of GDP, unchanged from 2020.

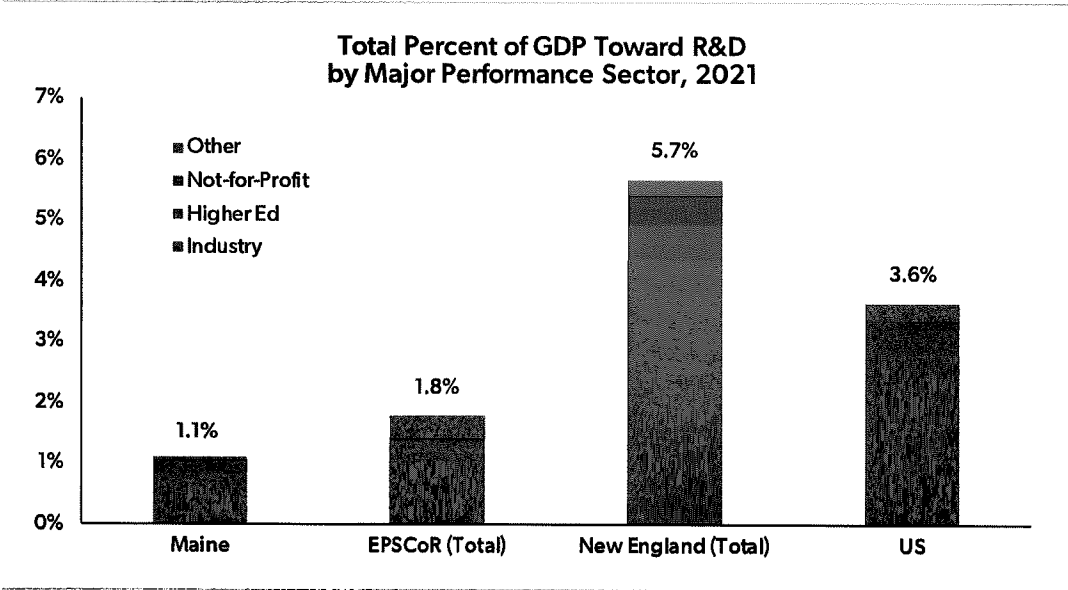
**Benchmark:** Maine’s research and development spending as a proportion of the economy will reach the U.S. average by 2030.

Research and development (R&D) spending is an indicator of the level of innovation in an economy, an important driver of economic growth. In 2021, Maine’s total R&D spending was \$870 million, up 13% from the previous year. This growth was distributed across industry (+15% growth), higher education (+9%), and nonprofit organizations (+4%). In all, Maine’s R&D spending equaled 1.1% of total gross domestic product (GDP), compared to 3.6% nationwide. This ranks Maine 37th of the 50 states and is about two-thirds of the 1.8% average among EPSCoR states. Maine lags other states in private sector and

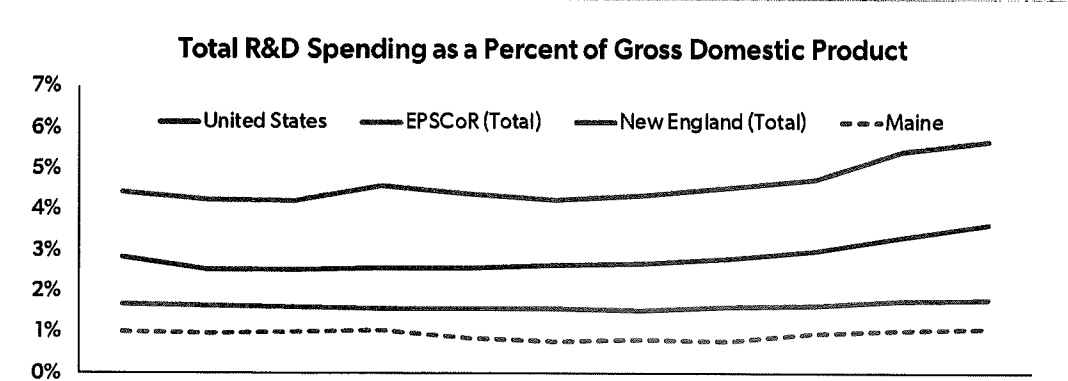
university R&D investments relative to GDP, while our nonprofit sector contributes a relatively high proportion of spending.

The University of Maine System Board of Trustees has prioritized the expansion of R&D across the system. In 2021, the University of Maine’s R&D expenditures reached \$179 million, a record high, and in 2022 the University of Maine earned an R1\* top-tier research designation. These gains may improve Maine’s overall R&D ranking in future years.

\*“R1” refers to doctoral universities with “very high research activity,” as defined by the Carnegie Classification of Institutions of Higher Education.



**Sources**  
Camoin Associates;  
National Science  
Foundation



Administered  
by MDF