

Testimony of Linda Caprara

On Behalf of the Maine State Chamber of Commerce

In Support of L.D. 788, An Act Promote an Innovation -Driven Economy by Increasing Research and Development Spending” before the Joint Standing Committee on Housing & Economic Development.”

March 11, 2025

Good morning, Sen. Curry, Rep. Gere and Members of the Joint Standing Committee on Housing & Economic Development. My name is Linda Caprara I am the Vice President of Advocacy for the Maine State Chamber of Commerce. I am here today to testify in strong support of L.D. 788, An Act Promote an Innovation -Driven Economy by Increasing Research and Development Spending” before the Joint Standing Committee on Housing & Economic Development.” We would like to thank Senator Pierce for submitting this legislation.

This legislation shines a light on the importance of R & D spending and the need to establish where we are as a State and where we need to go. It represents a critical step forward towards securing Maine’s economic future by setting a goal to increase research and development (R&D) spending to match the national average by 2030. Investments in research and development are absolutely critical to strengthening an economy and provide the power for innovation, which is key to driving economic growth and productivity.

LD 788 attempts to address this issue by gathering the data necessary to evaluate and track our progress in the area of R & D spending. This bill would require the Maine Economic Growth Council to submit an annual report to both this committee and the appropriations and financial affairs committee on Maine’s R & D spending. The bill also gives the Office of Innovation and the Maine Innovation Economy Advisory Board the opportunity to provide budgetary recommendations to the Legislature that will ensure any funding will be strategic to help Maine further its goals. This annual reporting will keep this issue front and center before the Legislature, which will be key to addressing related policy issues.

For years, Maine has lagged behind other states in research and development spending. Currently, Maine’s ranking nationally is towards the bottom of the pack at 37th for R & D spending, which is not good. According to the 2024 Maine Economic Growth Council’s Measures of Growth, Maine’s R & D spending remained unchanged at 1.1% of Gross Domestic Product (GDP) from 2020 to 2021. The national average is 3.6%. R & D spending as a percentage of the State’s GDP indicates the level of innovation in an economy. The report specifically indicated Maine lags behind in R & D spending in both the private and public university/education sectors.

Maine needs to pay attention to these indicators. Why? Because innovation is necessary for economic growth and productivity, job creation and competitiveness in the global economy. R & D drives innovation which is responsible for developing new products, new services, new efficiencies, new technologies that are critical to compete globally. In addition, R&D activities tend to generate well-paying jobs in the STEM fields such as

science, technology, engineering, and mathematics (STEM) fields. Innovation also leads to higher productivity, giving workers the latest tools to improve products produced and provide services faster and more efficiently. This is extremely important in sectors such as healthcare, energy and manufacturing and information technology. Promoting a healthy R&D environment will no doubt help attract capital investment. The old saying capital goes where capital is loved.

Apparently, the University of Maine has realized how important R & D spending is because they have prioritized R & D spending so much that in 2022, UMO earned a "RI" distinction from the Carnegie Classification of Institutions of Higher Education.

Again, we feel strongly this bill will help prioritize R & D spending in Maine securing our economic future.

I urge this Committee to vote "Ought to Pass" on LD 788. Thank you for the opportunity to testify today. I am happy to answer any questions you may have.