



2011

Tech Council of Maryland

POLICY PLATFORM



TECHCOUNCILofMD

MdBio | *MdTech*

DEAR POLICYMAKERS,

Thank you for your support of technology-based economic development in Maryland. During these difficult economic times, it is more important than ever to build our tech and biotech industries and the Tech Council of Maryland (TCM) appreciates your support.

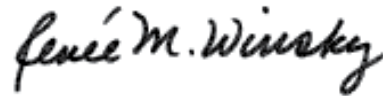
TCM strives for a strong regional economy where tech and biotech companies can start, grow, flourish and help make Maryland a great place to live and work in today's competitive and knowledge-driven global marketplace. Creating a strong economy for the betterment of all Marylanders is an imperative for public and private sector leadership.

To spur innovation and entrepreneurship, as well as the family-supporting jobs created by tech- and biotech-led economic development, policymakers must partner with the private sector on a variety of priorities including higher education, transportation infrastructure, a fair tax system, and a workforce that meets both current and future needs. With these basic principles in place, Maryland can create high-paying jobs, increase its tax base, minimize impact on the environment, and continue to excel in today's globally competitive economy.

TCM looks forward to continuing efforts to strengthen our relationship with leaders in Annapolis. If we can assist you with anything related to tech or biotech, please call on us.



Larry Letow
Chairman of the Board



Renée M. Winsky
Chief Executive Officer

TCM'S TOP PRIORITIES

- ▶ **Support, expand or create a new program** that helps capitalize early-stage and venture investment for innovative companies.
- ▶ **Increase funding for valuable economic development incentives** like the Biotech Tax Credit, Maryland Venture Fund, R&D Tax Credit, MIPS and programs at TEDCO.
- ▶ **Oppose new business taxes** and harmful corporate tax changes, including combined reporting.
- ▶ **Develop and implement long-term, stable funding solutions** for Maryland's transportation infrastructure and higher education system.



TECHNOLOGY/ BIOTECHNOLOGY PRIORITIES

▶ **Encourage pension fund investment in biotechnology, information technology, medical technology and green technology.**

Encouraging the Maryland State Retirement and Pension System to invest a portion of its money to seed a new or existing venture fund that invests in local biotech, tech, medical tech and green tech companies would spur job creation. Venture programs are a critical component to tech-led economic development. Utilizing pension fund monies could allow for much needed capital without the increasing the budget.

▶ **Establish an investment vehicle to capitalize Maryland's most innovative companies.**

Establishing an investment vehicle funded by insurance company premium taxes would infuse money into Maryland's venture capital infrastructure, which is a key component to creating and nurturing high-tech jobs. Venture-funded companies

are critical to creating jobs and moving Maryland forward as a leader in innovation for fields like information technology, cybersecurity biotechnology and nanotechnology.

▶ **Double funding for the Maryland Biotech Tax Credit for FY2012.**

Double funding in FY2012 for the Maryland Biotech Tax Credit and eventually increase the funding for this program to \$24 million as recommended in Governor Martin O'Malley's Bio2020 Initiative. This tax credit is a critical component for seeding early-stage biotech companies to develop and thrive in Maryland. The average biotech industry worker makes about \$80,000 a year and Maryland needs to continue to create and retain these types of jobs.

▶ **Increase the cap on the Maryland Research and Development Tax Credit to \$12 million.**

The R&D Tax Credit is a highly effective incentive that is oversubscribed at the current \$6 million cap. Companies can do their R&D virtually anywhere in the country. Incentives count in R&D. Maryland is a leader in research and development, ranking first in federal

R&D obligations per capita and second in federal R&D investment at \$12.2 billion. Our state is also home to several of the nation's top research universities, including Johns Hopkins, the University of Maryland, College Park, the University of Maryland, Baltimore and the University of Maryland, Baltimore County, which combined conduct nearly \$1 billion in funded research annually.

▶ **Increase funding for the Maryland Venture Fund.**

It is important that policymakers increase funding for the Maryland Venture Fund and its two investment vehicles, the Challenge Fund and Enterprise Fund. The Maryland Venture Fund makes direct equity investments in emerging technology and life sciences companies. According to the Department of Business and Economic Development, which administers the program, approximately 60% of the Fund is invested in software, communications and IT security, and 40% is invested in therapeutics, medical devices and diagnostics.

▶ **Establish Net Operating Loss (NOL) incentive for Maryland's most innovative companies.**

Legislative leaders should establish a tax transfer program whereby innovative Maryland companies could benefit by selling unused NOLs to profitable Maryland corporations. Profitable corporations could also benefit by purchasing these tax benefits and thereby reduce their own tax liabilities. An NOL occurs when a company's business costs and expenses are greater than its taxable income in a given year. Having such an incentive would boost competitiveness and long-term viability of start-up and early-stage tech and biotech companies, which often incur heavy losses over multiple years before becoming profitable.

▶ **Establish an Incentive to Further Develop Maryland's Information Technology (IT) Industry.**

Legislative leaders should establish an incentive for Maryland's most innovative IT companies. These companies will lead Maryland from the recession and create high-paying, family-supporting jobs. Possible incentives include a tax credit for IT company development or for off-setting

preparation costs incurred while accessing the General Services Administration (GSA) schedule. For some Maryland companies, these costs are prohibitive. Great opportunity exists with the GSA, as they establish long-term contracts with companies that provide access to over 11 million commercial products and services at volume discount pricing.

▶ **Maintain stem cell research funding at current levels for FY2012.**

Policymakers should continue stem cell research funding in Maryland at an appropriate level based on the needs of current stem cell funding beneficiaries. The State of Maryland is one of the biggest supporters of advanced stem cell research in the nation. This funding allows uninterrupted research opportunities and will give Maryland a competitive advantage once there is clarity on stem cell research policy at the federal level.

▶ **Establish Maryland as a national leader for cybersecurity.**

Policymakers should support efforts to make Maryland the nationwide leader in the development of cybersecurity. With the average IT job paying

over \$80,000, this is an important economic development opportunity. Maryland has the assets in place, including federal facilities, military installations and our universities to lead the fight against cyber crime.

▶ **Increase efforts to foster tech transfer and commercialization by boosting university tech transfer office funding.**

It is imperative that policymakers support efforts to identify research which has commercial interest and strategies to bring those technologies to market. Stronger partnerships in tech transfer and commercialization will create more innovative companies and jobs in Maryland. Policymakers should increase support for valuable programs that help accelerate the commercialization of technologies like the Maryland Industrial Partnerships (MIPS) program and the Maryland Technology Development Corporation (TEDCO).

▶ **Support legislative, budgetary and regulatory actions advancing incentives for continued biomedical innovation benefiting patients.**

Policymakers should oppose efforts

including permissibility of drug importation, advancement of price controls, excessive regulation of clinical trials, barriers to biomedical research, limitations on responsible marketing practices, mandates regarding manufacturer responsibility for the disposal of medications and restrictions on the physician-patient relationship limiting access to innovative medicines.

▶ **Support telecommunications innovation. Maryland is a national leader for telecommunications innovation and the industry creates a tremendous amount of high-paying, high-tech jobs.**

Policymakers should support the industry and its efforts, including the continuation of broadband development by fostering the deployment of high-speed data service to rural areas of the State and encouraging the adoption of information technology services by business and residences throughout the Maryland.

▶ **Make Maryland a national leader in the development of nanobiotechnology and nanotechnology.**

Support funding for the growing field of

nanobiotech and nanotech research. This should include continued funding for the Coordinating Emerging Nanobiotechnology Research (CENTR) in Maryland Program. New technologies like nanobiotech and nanotech hold great economic development potential for the State of Maryland.

▶ **Establish Maryland as a national leader for healthcare information technology. Policymakers should focus on opportunities presented by healthcare reform to position Maryland as a national leader national leader in healthcare IT.**

This includes supporting Maryland's efforts to develop a statewide health information exchange and create universal compliance standards for all health care providers in Maryland.

▶ **Establish Maryland as a national leader for clean and green technologies.**

Support incentives for companies developing clean technologies for commercial use so Maryland can develop into the preeminent location for clean technology commercialization and business investment. Policymakers

should create a new, targeted tax credit program that incentivizes the development and commercialization of clean technologies including wind, biodiesel, geothermal, fuel cells, nanotechnologies and solar energy.

TAX CLIMATE PRIORITIES

- ▶ **Oppose new taxes on innovation.** Any new taxes on Maryland's most innovative companies harm efforts to attract and retain technology industries and high-paying jobs. In particular, TCM strongly opposes new taxes on business services that may harm Maryland's most innovative job creators. Even the discussion of new tax proposals, like another Computer Services Sales Tax, is extremely harmful to an industry where the average job created pays more than \$80,000.
- ▶ **Defeat corporate tax changes like combined reporting that harm Maryland's business climate.** It is imperative that policymakers support a fair and consistent tax climate that

balances the needs of the business community with that of budgetary responsibility. Policymakers must oppose corporate tax changes like the institution of combined reporting and any measure that alters the tax structure for manufacturers. These tax changes make Maryland less competitive with surrounding states and particularly disadvantages Maryland biotech companies.

TRANSPORTATION PRIORITIES

- ▶ **Develop and implement long-term, stable funding solutions for Maryland's transportation infrastructure.** Maryland faces enormous transportation infrastructure challenges and solving this is paramount to Maryland's economic development efforts. Innovative companies need a reliable and effective transportation infrastructure in order to grow and flourish. Current policies of funding Maryland's trust fund largely through the gas tax, while encouraging transit usage

and promoting more fuel efficient cars, is not a sustainable model of funding.

HIGHER EDUCATION AND WORKFORCE PRIORITIES

- ▶ **Ensure a higher education is affordable for students and that loans and student aid are available for Maryland's families.** Explore the creation of more stable and predictable funding streams for Maryland's universities and colleges, including capital funding. The Maryland higher education system is vital to providing a strong pipeline of tech and biotech workers for Maryland companies. Support Maryland's network of community colleges, which play a large role in Maryland's tech-led economic development engine by training and retraining Maryland's tech workers.
- ▶ **Recognize the importance of Maryland's most innovative education assets.** Policymakers should continue to support assets like the Montgomery College Bioscience

Education Center, University of Maryland BioPark, University of Maryland College Park M Square Research Park, Johns Hopkins Science and Technology Park, Maryland's technology incubator network and other similar efforts throughout Maryland. Assets like these play a pivotal role in strengthening Maryland's innovation economy.

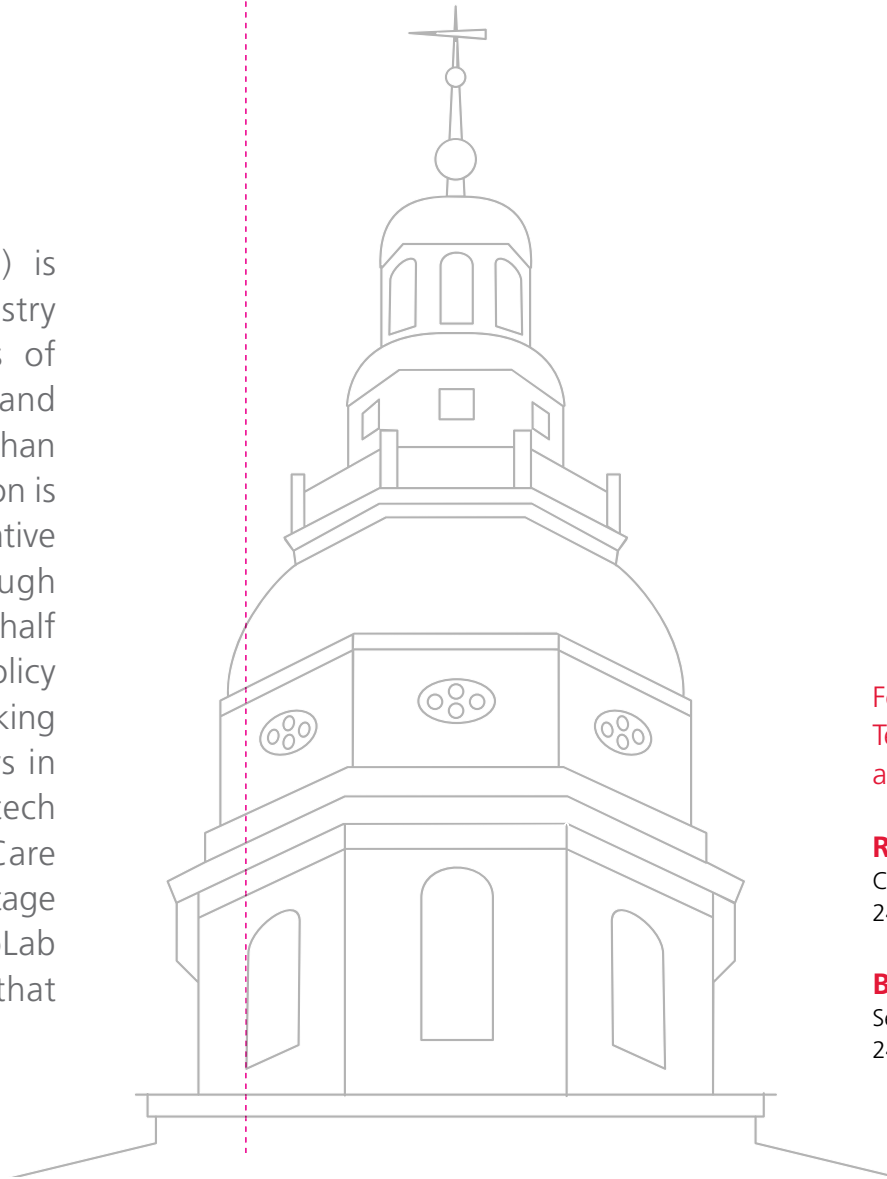
- ▶ **Address workforce shortages in high-tech fields.** Policymakers should support the recommendations of the Governor's Science, Technology, Engineering and

Math (STEM) Task Force to establish Maryland as a global leader in the development of its workforce and its STEM-based research and economic development infrastructure. STEM Task Force recommendations included tripling the number of teachers in STEM shortage areas and increasing the number of STEM college graduates by 40 percent by 2015.

WHO WE ARE



The Tech Council of Maryland (TCM) is Maryland's largest tech and biotech industry association. Our membership consists of nearly 500 tech and biotech companies and supporting institutions that employ more than 250,000 people in Maryland and the region. TCM's mission is to create an environment where Maryland's most innovative companies can collaborate, grow and succeed. Through TCM's two divisions, MdBio and MdTech, we work on behalf of our members by providing benefits such as public policy advocacy, educational opportunities, peer to peer networking events, cost saving programs and access to key players in Maryland. TCM is also able to serve the tech and biotech community through assets like the Maryland Health Care Product Development Corporation, which provides early-stage investment in biomedical technologies, and the MdBioLab program, an innovative bioscience mobile laboratory that visits Maryland high schools to teach science literacy.



For more information about the Tech Council of Maryland's advocacy efforts, contact:

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