

MAINE STATE LEGISLATURE

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Date 6-21-23

(Filing No S-40)

MAJORITY

TAXATION

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**STATE OF MAINE
SENATE
131ST LEGISLATURE
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT "A" to S P 595, L D 1475, "An Act to Promote
Biomanufacturing and Biotechnology Development by Establishing a Tax Credit"

Amend the bill by striking out the title and substituting the following

**'An Act to Establish a Grant Program to Promote Biomanufacturing and
Biotechnology Development'**

Amend the bill by striking out everything after the enacting clause and inserting the
following

'Sec. 1. 5 MRSA §15312 is enacted to read

§15312. Grants for biotechnology incubators and biomanufacturing facilities

**1. Definitions. As used in this section, unless the context otherwise indicates, the
following terms have the following meanings**

**A "Affiliated group" has the same meaning as in Title 36, section 5102, subsection
1-B**

**B "Authorized investment caps" means the limits established in subsection 2,
paragraph J**

**C "Biomanufacturing" means a facility of at least 5,000 square feet that engages in
advanced manufacturing of biotechnology products**

**D "Biotechnology incubator" means a facility of at least 5,000 square feet that offers
laboratory space, management and meeting space and other resources to start-up, early-
stage or established biotechnology companies seeking to develop new biotechnology
products**

**E "Biotechnology products" means commercially important biomaterials and
biomolecules for use in advanced research, medicines, food and beverage processing
or industrial applications that are manufactured using biological processes**

**F "Certified applicant" means an applicant that has received a certificate of approval
from the institute pursuant to this section**

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1 G "Facility" means one or more buildings and includes the real and personal property
2 located in those buildings

3 H "Qualified applicant" means an applicant that, at the time an application for a
4 certificate of approval is submitted, intends to make a qualified investment within 2
5 years following the date of the application

6 I "Qualified investment" means, for the calculation of a grant award, an investment of
7 at least \$5,000,000 and not more than \$15,000,000 to design, permit, construct, modify,
8 equip or expand a biotechnology incubator or a biomanufacturing facility that will be
9 located in this State. A qualified investment may include capital from all sources,
10 including loans, grants, gifts and other financing sources

11 **2. Procedures for application; grant decisions** The institute shall develop a grant
12 program to fulfill the functions of this section. This subsection governs the procedues for
13 providing for and obtaining a certificate of approval.

14 A The institute shall develop an online application process for a grant program within
15 30 days of the effective date of this Act and shall publicize the application process in
16 places the institute determines to be appropriate to attract qualified applicants.

17 B Within 60 days after the effective date of this Act, the institute shall announce the
18 application start date and shall begin accepting applications on that date.

19 C The institute shall close the application process 90 days after the application start
20 date.

21 D After the application process has closed, the institute has 30 days to review the
22 applications and issue grant decisions. The institute shall review the applications and
23 issue grant decisions based on the following criteria, which must be used in lieu of any
24 other ranking criteria provided by law or used by the institute for other programs.

25 (1) Whether the qualified applicant submits a business plan demonstrating that the
26 qualified applicant has the capacity to make an investment of at least \$5,000,000
27 to design, permit, construct, modify, equip or expand a biotechnology incubator or
28 a biomanufacturing facility located in this State.

29 (2) Whether the qualified applicant demonstrates that the qualified investment will
30 be made within 2 years following the approval of the grant, and

31 (3) In the case of a biotechnology incubator applicant, preference must be given
32 to a qualified applicant that demonstrates that the qualified applicant has existing
33 business relationships with academia or businesses related to advancing
34 biotechnology research and development.

35 E If the institute approves the grant application, the institute shall issue a certificate
36 of approval. The certificate of approval must describe the qualified investment and
37 specify the total amount of the qualified investment approved under the certificate. A
38 certified applicant may invest more than \$15,000,000 in such projects, but only
39 \$15,000,000 of the investment may be considered a qualified investment in calculating
40 the grant award.

41 F Upon completing a qualified investment, a certified applicant shall submit an
42 application to the institute for a certificate of completion. If the institute determines
43 that a qualified investment has been made, the institute shall issue a certificate of

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1 completion to the certified applicant within 30 days. The certificate of completion
2 must state the amount of the qualified investment made by the certified applicant.

3 G Upon issuance of a certificate of completion in accordance with paragraph F, the
4 institute shall issue, on behalf of the State, a memorandum to the certified applicant
5 describing the benefits provided by this section at the time the certificate of completion
6 is issued. The memorandum must state that the certificate of completion does not
7 prohibit the institute from revoking a certificate in accordance with paragraph I.

8 H A certified applicant must obtain approval from the institute to transfer a certificate
9 of approval or a certificate of completion to another person. The institute shall approve
10 the transfer of the certificate of approval or the certificate of completion only if at least
11 one of the following conditions is satisfied:

12 (1) The person receiving the certificate of approval or certificate of completion is
13 a member of the certified applicant's affiliated group at the time of the transfer, or

14 (2) The institute finds that the person receiving the certificate of approval or
15 certificate of completion will, and has the capacity to, maintain operations of the
16 biotechnology incubator or biomanufacturing facility in the State in a manner that
17 meets the minimum qualifications for continued eligibility for benefits under this
18 section after the transfer occurs.

19 If the institute approves a transfer of a certificate of approval or certificate of
20 completion, the person receiving the certificate of approval or certificate of completion,
21 from the date of the transfer, must be treated as the certified applicant and is eligible to
22 claim any remaining grant under the certificate of approval or the certificate of
23 completion that has not been previously claimed by the certified applicant as long as
24 the person receiving the certificate of approval or certificate of completion meets the
25 same eligibility requirements and conditions for the grant as applied to the original
26 certified applicant.

27 I The institute shall revoke a certificate of approval if the certified applicant or a
28 person that received a certificate of approval in accordance with paragraph E fails to
29 make a qualified investment within 2 years of the date of the certificate of approval.
30 The institute shall revoke a certificate of approval or a certificate of completion if the
31 certified applicant or person receiving the certificate of approval or certificate of
32 completion ceases operations of the biotechnology incubator or biomanufacturing
33 facility in the State for more than 183 days or the certificate of approval or certificate
34 of completion is transferred to another person without approval from the institute
35 pursuant to paragraph H. A certified applicant whose certificate of completion is
36 revoked within 3 years after the date it was issued shall return to the institute an amount
37 equal to the total grant amount received under this section. A certified applicant whose
38 certificate of completion is revoked during in the 4th year or 5th year after the date the
39 certificate was issued shall return to the institute an amount equal to the total grant
40 amount received under this section in the 4th year or 5th year after the date the
41 certificate was issued. If grant amounts are recaptured after a certificate of approval
42 has been transferred as provided in paragraph H, the transferee of the certificate of
43 approval or certificate of completion is responsible for payment of any grant amounts
44 that must be returned to the institute.

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1 J The institute may not issue certificates of approval under this subsection that total
2 in the aggregate, more than \$30,000,000 of the qualified investment for biotechnology
3 incubators and more than \$30,000,000 of the qualified investment for
4 biomanufacturing facilities, for a maximum of \$60,000,000 of the qualified investment
5 for all certificates of approval. If, after the first round of grant applications have been
6 received and decided upon, the authorized investment caps have not been reached, the
7 institute shall reopen the application process for an additional 90-day period. The
8 institute shall have an additional 30 days following the close of the 90-day application
9 period to review and approve additional applications until the authorized investment
10 caps have been reached. If the authorized investment caps have not been reached after
11 the 2nd round of applications, the institute shall follow the same application and review
12 process until the authorized investment caps have been reached.

13 3 Grant parameters. The institute shall award a grant to a certified applicant that has
14 received a certificate of completion as provided in this subsection.

15 A Subject to the limitations in paragraph C, beginning in 2025, the institute shall
16 award a grant to a certified applicant that has received a certificate of completion equal
17 to 30% of the certified applicant's qualified investment in a biotechnology incubator,
18 up to a total award of \$4,500,000 provided in equal parts over 5 years. No more than
19 \$900,000 may be granted to a certified applicant in one calendar year.

20 B Subject to the limitations in paragraph C, beginning in 2025, the institute shall
21 award a grant to a certified applicant that has received a certificate of completion equal
22 to 30% of the certified applicant's qualified investment in a biomanufacturing facility,
23 up to a total award of \$4,500,000 provided in equal parts over 5 years. No more than
24 \$900,000 may be granted to a certified applicant in one calendar year.

25 C The grants under this subsection are limited as follows.

26 (1) Except for the first year that the grant is available, the grants available under
27 paragraph A may not be taken in any calendar year in which more than 25% of the
28 facility is being used for a purpose other than as a biotechnology incubator.

29 (2) Except for the first year that the grant is available, the grants available under
30 paragraph B may not be taken in any calendar year in which more than 25% of the
31 facility is being used for a purpose other than as a biomanufacturing facility.

32 (3) Cumulative grants under paragraph A may not exceed \$4,500,000 for any
33 biotechnology incubator or \$9,000,000 in total for all biotechnology incubators.

34 (4) Cumulative grants under paragraph B may not exceed \$4,500,000 for any
35 biomanufacturing facility or \$9,000,000 in total for all biomanufacturing facilities.

36 D The institute may accept funds from the General Fund to allow the institute to
37 provide the grants set forth in this subsection. Grants distributed under this section may
38 not exceed \$18,000,000 in total.

39 4. Reporting required. When filing the annual report required by section 15302,
40 subsection 9, the institute shall include specific information concerning the results of the
41 grant program.

42 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
43 number to read consecutively.

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SUMMARY

1
2 This amendment replaces the tax credit with a grant program for investment in
3 biotechnology incubators and biomanufacturing facilities. The program will be
4 administered by the Maine Technology Institute. The amount of the grant is 30% of the
5 qualified investment, taken in equal parts each year for 5 years after a certificate of
6 completion has been issued by the institute. The amount of the grants that may be awarded
7 to biotechnology incubators is capped at \$4.5 million for each project and \$9 million for
8 all projects in total. The amount of the grants that may be awarded for biomanufacturing
9 facilities is capped at \$4.5 million for each project and \$9 million for all projects in total.
10 The amendment disallows the grants if there are years in which the facilities are no longer
11 being primarily used for the purposes of biotechnology incubation or biomanufacturing.
12 The amendment also requires the grants to be repaid to the institute if the qualified
13 investment is not made within 2 years of the date of approval, if the facility ceases
14 operations for more than 183 days or if a certificate of approval or certificate of completion
15 is transferred without approval from the institute.

FISCAL NOTE REQUIRED

(See attached)



131st MAINE LEGISLATURE

LD 1475

LR 1929(02)

An Act to Promote Biomanufacturing and Biotechnology Development by Establishing a Tax Credit

Fiscal Note for Bill as Amended by Committee Amendment "A" (S-401)

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

| | FY 2023-24 | FY 2024-25 | Projections FY 2025-26 | Projections FY 2026-27 |
|-----------------------------------|------------|------------|---------------------------|---------------------------|
| Net Cost (Savings) | | | | |
| General Fund | \$0 | \$0 | \$3,600,000 | \$3,600,000 |
| Appropriations/Allocations | | | | |
| General Fund | \$0 | \$0 | \$3,600,000 | \$3,600,000 |

Fiscal Detail and Notes

The Office of Innovation within the Department of Economic and Community Development (DECD) will require future General Fund appropriations of \$3,600,000 per year beginning in fiscal year 2025-26 through fiscal year 2029-30 for the Maine Technology Institute to administer a pilot grant program for investment in biotechnology and biomanufacturing facilities. According to DECD, the grant program will begin accepting applications in fiscal year 2023-24, but will not begin awarding grants until certified applicants have met the program requirements and have received a certificate of completion. DECD estimates that will not occur until after July 1, 2025. This bill limits the amount of funding to be provided for the grants to \$18,000,000 over the life of the program. The cost to the Maine Technology Institute to administer the program can be absorbed within existing budgeted resources.