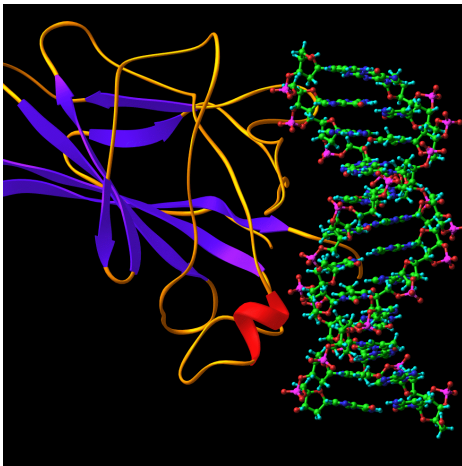




# Maryland Biotechnology Center Legislative Update



UMB Biopark  
April 27, 2011

MARYLAND BIOTECHNOLOGY CENTER





# 2011 Legislative Session

- *InvestMaryland*: \$100M
- Biotechnology Investment Incentive Tax Credit: \$8M
- Stem Cell Funding: \$12.4M
- NanoBiotechnology: \$2.4M
- SBIR Bridge: Unfunded
- LLC Corporate Structure: Did not Pass

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# **2011 Legislative Session:** ***Invest Maryland*** **Passed!**

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# Maryland Biotechnology Investment Incentive Tax Credit

Maryland Department of Business and Economic Development  
Mark Vulcan, Esq, CPA  
The Maryland Biotechnology Center  
Judy Britz, PhD

April 27, 2010



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# Background

- Existing legislation requires “first come first served” Investor application process
- Historically: Physical Line-Up
- 2010: Electronic Line-Up Instituted
- 2011: Pre-Determination of QMBC
  - QMBC Definition expanded

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# QMBC Definition

- Qualified Maryland Biotechnology Company
  - Headquarters and base of operations in Maryland
  - *NEW: Has been in active business no more than 15 years (was previously 10 years)\**
  - Fewer than 50 Full time Employees
  - Is not publicly traded on any exchange
  - Has been certified as a Biotechnology Company by the Department

\* 2012-2013 Only

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# Biotechnology Company

A Company organized for profit that is primarily engaged in the research, development, or commercialization of innovative and proprietary technology and comprises, interacts with, or analyzes biological material including biomolecules (DNA, RNA, protein), cells, tissues, or organs.

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# Process Timeline

- Today: UMB Introductory Program
- May 15 – June 1: QMBC Pre-Determination
  - Form B with Attachments
- June 1-June 24: Corporate documents and investor applications accepted at Maryland Biotechnology Center Office, Baltimore
  - Forms A and B In person or by Courier
  - Within 48 hrs, User Name and Reference Number assigned to each Investor
- July 1<sup>st</sup> at 9am: Website opened for applications to determine the queue for first come first served

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# Supporting Documents Accepted: June 1-24, 2010



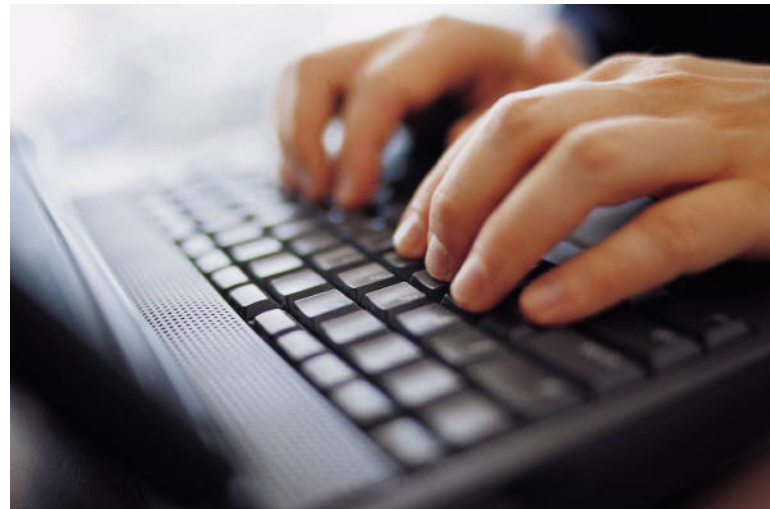
**The World Trade Center  
410 E. Pratt Street, 7th Floor  
Baltimore, Maryland 21202**

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# Electronic Submission July 1<sup>st</sup> at 9:00am



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# [www.mdbiotaxcredit.org](http://www.mdbiotaxcredit.org)

Biotechnology Investment  
Tax Credit Application



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# Next Steps

- Applications available at [www.choosemaryland.org](http://www.choosemaryland.org)
- Consult Maryland Biotechnology Center Website: [www.marylandbiocenter.org](http://www.marylandbiocenter.org) for updates
- July 1<sup>st</sup>, 2011: [www.mdbiotaxcredit.org](http://www.mdbiotaxcredit.org)

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# Maryland Biotechnology Investment Incentive Tax Credit

Maryland Department of Business and Economic Development

Mark Vulcan, Esq, CPA

April 27, 2011



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## Program Intent

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- Biotechnology Investment Incentive Tax Credit (BIITC) provides income tax credits for investors in qualified Maryland biotechnology companies (QMBCs).
- This tax credit program was passed to offer incentives for investment in seed and early stage, privately held biotech companies.

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## Benefits of the BIITC

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- Credit is 50 percent of the eligible investment.
- Credit amount may not exceed \$250,000 for a qualified investor.
- Credits are refundable if the amount of the credit exceeds the taxpayer's tax liability.

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## Limitations on the Benefits

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- Amount of credits that DBED can certify is limited by the amount in a reserve fund.
  - Each fiscal year the Governor must include in his budget bill an appropriation for the reserve fund.
- Credits are issued on a first come, first served basis.
- For FY 2012 \$8 million was appropriated to the reserve fund.

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## Qualified Investor

- ▶ Entity that invests at least \$25,000 in a Qualified Maryland Biotechnology Company (QMBC)
- ▶ And is required to file an income tax return in any jurisdiction

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## QMBC

- ▶ A company that has its headquarters and base of operations in Maryland
- ▶ Has fewer than 50 employees
- ▶ Has been in active business no longer than 15 years (through 2013)
- ▶ Has been certified as a biotechnology company by DBED

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# Certification Process

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- Completed applications are reviewed on a first come, first served basis.
- Supporting Documents will be accepted no earlier than June 1 of the fiscal year in which the investment will be made.
- Investor must submit an application at least 30 days (but no more than 60 days) prior to making an investment.
  - Application includes applicable investor form and Qualified Maryland Biotechnology Company Form

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# Certification Process

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- ▶ DBED reviews application and issues an initial credit certificate within 30 days of receiving the application.
- ▶ After DBED has issued an initial credit certificate, an investor has 30 days to make the investment.
- ▶ Within 10 days of making the investment, the investor must provide DBED with written documentation that investment was made.
- ▶ Based on the actual amount of investment made by the investor, DBED will issue a final credit certificate

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**Applications are available at:**  
[www.choosemaryland.org](http://www.choosemaryland.org)

**Direct questions to:**  
**Mark Vulcan: 410-767-6438**

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