

JUNE 27, 2009

BALTIMORE SUN



Maryland biotech companies crazy for tax credits!

Dateline: University of Maryland BioPark in Baltimore.

Maybe we should call this MarylandBiotechapalooza?! Or is this a reality-TV show just waiting to be made?

Here's the scene: Five days of start-up biotech companies. Together in one room. Vying for a piece of \$6 million in tax credits.

Starting July 1st, the state of Maryland is opening up their **Biotechnology Investment Incentive Tax Credits** program to applicants.

Last year, companies that wanted a piece of the tax-credit pie started lining up the day before, and camped out on a Baltimore street for the night.

This year, they started lining up TODAY -- that's FIVE days ahead of the program's opening for this year.

Right now, I'm in a conference room at the **University of Maryland's BioPark** in downtown Baltimore, where a bunch of start-up biotech execs are hanging

out.

They started lining up at 10 a.m. There's coffee, soda and pizza in a room with a bunch of tables and chairs. And people are hunkering down for the long haul.

Most will cover the five-day wait in shifts, getting co-workers and others to spell them.

So what is this all about? One word: Money.

Here are the basics: Since 2006, Maryland's been handing out a 50 percent tax credit to investors who pump money into start-up biotech companies. You can get up to a \$250K credit. And one company can have up to 15 percent of the pool of tax credit money applied to them, **according to state law**. Here's the catch: the tax credits are given to investors on a "first come, first serve" basis, per state law -- and these little companies go wait in line for their investors.

The state tax-credit pool of money this year is \$6 million. So, potentially, one or a few of these start-ups could entice investors to pump \$1.8 million into their companies, with half being refunded. That's a pretty good proposition, especially in this economy..The state Department of Business and Economic Development will start accepting applications July 1, at 9 a.m.

I think everybody here was pretty surprised to see each other lining up so early. But you know who got here first? Scott Allocco, president of Baltimore-based **BioMarker Strategies LLC**, at 10 a.m. today.

Once people saw Scott lining up, others followed. (That's BioMarker CEO Karen Olson taking over for Scott late in the day today.) Nice job, Scott.

I'll have a story in tomorrow's paper about what's going on here. In the meantime, I'm hoping some of the biotech companies in the room keep us updated on how they're faring this weekend. Drop us a line. We're hoping the vibe is more Woodstock than Big Brother (you know, that reality TV show.)