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Biotech Start-Ups Show Dedication, Line Up Again for Tax Credits

By Kim Hart
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Last year, *Scott Allocco* spent 12 hours sitting on a downtown Baltimore sidewalk, waiting to turn in his application to get a tax credit for the angel investors who'd promised to give money to his cancer diagnostics company, *BioMarker Strategies*. He was the third company in line.

This year, he was the first. He showed up at the *University of Maryland's BioPark* facility Friday at 10 a.m., armed with a borrowed air mattress and sleeping bag. He and other company executives will wait in the building's auditorium, which is available to them for the first time this year, for five days. They can't formally turn in their application until 9 a.m. Wednesday, and the tax credits are given on a first-come, first-served basis. Since 2006, 38 firms have received the credits. By the end of the day Friday, when his chief executive, *Karen Olson*, relieved him of waiting duty, representatives of 10 other companies had already lined up behind him.

"This shows how important this program is to biotech start-up companies and how important it is for Maryland to increase funding for the program," Allocco said, adding how relieved he was that companies could wait inside the building, where there is a gym, a shower and carpeted floors, rather than on the side of Redwood Street. "I was concerned that in this economy there would be great demand for these credits."

The popular program encourages investment in Maryland biotechnology start-ups by letting investors receive a tax credit for 50 percent of the money they put into eligible companies. The state provides \$6 million a year for the tax credits. The funding for the program was in danger of getting slashed this year due to tightened budgets, despite *Gov. Martin O'Malley's* efforts to increase it. The credit cannot exceed \$50,000 for individual investors and \$250,000 for corporations and venture capital firms.

"I had worked hard to attract investors and I felt I had an obligation to protect their tax credits," Allocco said.

Word that the line was forming spread quickly through the biotech community. By 10:45, *Marty Zug*, chief executive of *Sequella* in Rockville, which develops treatments for infectious diseases, arrived in the third slot in line. A scientist relieved him later in the afternoon. Zug planned to return today. Alternative fuel-producing firm *Zymetis* of College Park was second in line. *Gliknik*, a Baltimore firm that develops drugs for autoimmune diseases, was fourth.

"Everyone's scrambling right now to figure out how to cover five days' worth of line-waiting," Zug said. "Every year it seems to get more and more competitive. We've got people willing to give up their weekend and are going to stay there for the duration."

Kim Hart writes about Washington's technology scene every Monday. Contact her at hartk@washpost.com.