

## Executives camp out early for shot at Maryland biotech tax credits

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Executives from 10 biotech companies will call the city's west side biopark their home for the next five days.

Executives are camping out at the University of Maryland, Baltimore BioPark in hopes of grabbing a slice of the state's \$6 million in biotech tax credits. The tax credits are awarded on a first-come first-serve basis.

The state will start taking applications for the tax credits July 1. But that did not stop Scott Allocco, president of **BioMarker Strategies** LLC, from showing up at 10 a.m. Friday at the University of Maryland, Baltimore BioPark to claim the bragging rights of being first in line.

"I couldn't put these tax credits at risk and I decided I needed to protect my investors," Allocco said. The executives hopes to get \$500,000 in tax credits. BioMarker is working with **Johns Hopkins University** to develop a diagnostic test to detect breast, pancreatic and lung cancers.

Now in its fifth year, the biotech tax credit program became a more critical source of funding during the recession, which has made investors wary of pumping money into startups that can take a decade or more before generating any payoff.

Under the program, for every \$1 an investor funds in a biotech company, he receives a 50-cent credit from the state. So someone pumping \$1 million in a company would get a \$500,000 check from the state.

Last year, biotech executives camped out in front of the Maryland Department of Business and Economic Development office in Baltimore to apply for the tax credits, which were snatched up in a single day. DBED has since moved its office to the World Trade Center. But DBED officials decided against having applicants show up at the World Trade Center for security reasons, spokeswoman Karen Glenn said.

Though the wait to submit applications will be long, it will not be uncomfortable. UMB BioPark officials have opened up an air-conditioned conference room at 801 W. Baltimore

St. for the biotech campers. Executives will have access to a gym and showers in the building. Many executives are also easing the pain by rotating shifts with colleagues and, in some cases, hiring temporary workers to take their spot.

That is a far cry from the conditions last year at 217 E. Redwood St., said Steven Davey, chief operating officer at Zymetis.

Davey had to hire an off-duty police officer to stand guard as employees endured camping out on the sidewalk in the rain. But it was worth it for the biotech firm, which is developing enzymes that would produce biofuels. The College Park company has grown from four to 14 employees, thanks to the tax credit, Davey said.

Rockville-based biotech Sequella hope that the tax credits will help it stay in business and buy additional time to raise more money, Chief Financial Officer Marty Zug said. The company hopes to get \$1.8 million in tax credits, the maximum that the state allows.

"A lot of companies are living to fight another day," Zug said.

The biotech tax credit is a critical component of Gov. Martin O'Malley's Bio 2020 initiative, a 10-year, \$1.3 billion plan to boost the state's biotech industry. The plan includes raising the biotech tax credit from \$6 million to \$24 million by 2020. The tax credits remained unscathed during the 2009 General Assembly, even as other programs were cut amid a \$1.1 billion deficit.