

In the Arena

By Tom Conroy

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Life Sciences Initiative to Become Law

This week, the Life Sciences Bill emerged in its final form, a reconciliation of the differences between the House and Senate's versions of the legislation. With the passage of the bill imminent, the Commonwealth and its economy are poised to enter an exciting new chapter in which scientists, health care professionals, and educators will have more resources to create new medicines and procedures to cure chronic diseases.

The \$1 billion initiative will direct funds to the industry through capital expenditures, tax credits, and grants over the course of the next ten years. The bill defines "Life sciences" as applied sciences that expand the understanding of human physiology and have the potential to lead to medical advances or therapeutic applications, including agricultural biotechnology, biogenics, biomedical engineering, biopharmaceuticals, chemical synthesis, genomics, medical devices, proteomics, regenerative medicine, RNA interference, stem cell research, and veterinary science.

Highlights of the bill are described below.

1. Capital Expenditures

A total of \$500 million in capital expenditures will be allocated to improve infrastructure needed to establish new companies in-state and facilitate the expansion of current Massachusetts-based companies. Of that total, \$300 million will be directed to specific capital improvements that were discussed during the legislative hearings on this bill. For example, three buildings will be constructed within the UMass system: an advanced therapeutics center in Worcester, a life sciences research center in Amherst, and a nano and bio-manufacturing facility in Lowell. The remaining \$200 million will be distributed - primarily in support of private sector entities - at the discretion of the Massachusetts Life Science Center under the authorization of the Governor and the Secretary of Administration and Finance.

2. Tax credits

\$250 million in tax credits will be made available to Massachusetts companies over the next tens years to offset the cost of establishing research and development facilities in the state, for federal Food and Drug Administration filing fees, clinical trials research, and orphan drug development. The bill also extends the net operating loss carry forward provision of the state's corporate income tax code from five years to fifteen, in keeping with the long-term development timeframe of a typical pharmaceutical product.

3. Grants

\$25 million in grants will be made available annually for ten years through four different newly established funds:

- The Dr. Craig C. Mello Small Business Equity Investment Fund, which will provide \$250,000 grants to certified life sciences companies in exchange for a 3% equity stake in the company. The equity stake idea was one of my contributions to the new law.
- The Dr. Judah Folkman Higher Education Grant Fund, which will provide grants of up to \$15,000 for

living expenses for qualified graduate, doctoral and post-doctoral students/candidates working in the life sciences field.

- The Massachusetts Small Business Matching Grant Fund, which will provide 1-for-1 matching grants up to \$500,000 to entities developing new commercialization-ready technologies that have received federal Small Business Administration grants;
- The Massachusetts Life Sciences Education Fund, which will provide grants to vocational and technical schools to purchase or lease equipment to train students in the area of life sciences technology or research.

Overseeing this initiative will be the Massachusetts Life Sciences Center (MLSC), a quasi-public agency formed in 2006 that promotes the life sciences in the Commonwealth. Under the Life Science bill's final form, the MLSC board of directors is reconstituted to include the secretary of the Executive Office of Housing and Economic Development, the secretary of Administration and Finance, the president of UMASS, a physician, a CEO of a life sciences corporation, a researcher involved in commercialization, and a person with financial experience in the life sciences sector.

Some observers of the bill disparage it as a spending spree. Others decry the idea that the government should pick and choose "winning" industries. These criticisms, however, fall short for a couple reasons. First, the competitiveness between states for scientists and burgeoning life science companies is fierce, and if Massachusetts doesn't get engaged, we'll lose people, jobs, and businesses to the competition. Second, the state government is an economic partner with the business, scientific, and educational communities, and must think and act strategically to invest in our state's economic strengths, where we can obtain the best return on our investment. The investment is, after all, your tax dollars.

In sum, this new law is a far-sighted commitment to an emerging industry that could help propel Massachusetts forward with tens of thousands of high paying jobs and dynamic growth. Moreover, it could help scientists based in Massachusetts find cures for ailments that cause suffering for so many of our friends and families.

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