

# Biotechs seek piece of \$1B federal pie

■ 'Bang for the buck going to be enormous,' executive says

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STAFF WRITER

Biotech executives liked what they heard at a seminar Tuesday about a new federal program designed to funnel more grants or tax credits to small companies.

The application period for the credits or grants available under the Qualifying Therapeutic Discovery Project program began Monday and runs through July 21. The program — part of the new federal health insurance reform law, the Patient Protection and Affordable Care Act — targets help for biotechs with 250 or fewer employees, giving successful applicants a maximum of \$5 million in grants or credits to cover as much as 50 percent of qualifying biomedical research.

Companies apply to the Internal Revenue Service. The program is capped at \$1 billion.

The grant portion is what really interested Ronald Holtz, chief financial officer of Gaithersburg biotech Max-Cyte, which specializes in cell modification technologies to enable the development, manufacturing and delivery of innovative therapeutic products.

"Most biotechnology startups don't yet have net income. So we are much more interested in the grants," Holtz said. "This is a great opportunity to get federal dollars back to Maryland."

It was the first federal program of its kind that Mark Berninger, vice president of business development at Aparna Biosciences in Rockville, knew of. Aparna develops targeted nanoparticles for in vivo research and clinical therapeutics.

"I'd say that 90 percent of the peo-

ple here are looking for grants," Berninger said. "There are a lot of small biotechs in this area."

Linda Powers, chairwoman of Northwest Biotherapeutics of Bethesda — which is developing personalized cancer vaccines — was effusive about the program.

"Hell yes, we're going for the money," said Powers, who also is managing

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director and co-founder of Toucan Capital of Bethesda.

"Everyone will apply for this," Powers said on Thursday. The \$5 million maximum is a "well-chosen number," because it is big enough to make a difference for small biotechs, but small enough to ensure many companies can get a credit or grant. She estimates that upward of 4,000 biotechs nationwide will apply.

"The bang for the buck is going to be enormous," she said. "The whole industry is ecstatic and grateful for this program."

## Academia versus industry

At Tuesday's seminar, other biotech executives asked questions about what information federal officials sought and why the National Institutes of Health cannot award more money to entrepreneurs, rather than academia. Besides the U.S. Small Business Administration, Maryland Department of Business and Economic Development and Biotechnology Industry Organization, officials from the Tech Council of Maryland, Montgomery County Department of Economic Development, non-profit Federal Allies Institute and Virginia Biotechnology Association participated. About 75 people attended the seminar at MedImmune's Gaithersburg offices.

The Department of Health and Human Services will evaluate the applications. Factors officials will consider include the potential to advance U.S. competitiveness in the fields of medical and biological sciences, likelihood to create high-quality



**Powers**  
"We're going for the money"



ity and high-paying jobs, and potential to advance the goal of curing cancer and other major diseases in the next 30 years.

Steven A. Silverman, director of the Montgomery County Department of Economic Development, said he planned to meet soon with federal officials to ask them about the NIH concern about awarding too much money to academia rather than entrepreneurs.

Silverman said he and other officials recently visited the Pittsburgh Life Sciences Greenhouse, a public-private partnership that provides investment and other support to bioscience companies, to gain some ideas. "We need to be more aggressive in pursuing life sciences companies," he said.

Montgomery County's own biotech investment tax credit was intended to start July 1, but there is not funding for it, Silverman said. Officials had hoped to have as much as \$2 million for the program, and they still hope to get some money to launch it in January, he said.

The county also offers economic development grants and a revolving loan program for small businesses. The latter will have \$2 million in funding next month, the most for that program, Silverman said.

Lawrence C. Mahan, director of programs at the Maryland Biotechnology Center, highlighted the state's \$8 million biotech investment tax credit program and the InvestMaryland program. The latter is planned to make insurance companies eligible for state tax credits; the insurers would invest in the state-funded Maryland Venture Fund and private venture capital firms. The plan requires approval by the legislature, which is not slated to meet until January.

The biotech center has new resources, including databases such as Deloitte Recap, Frost & Sullivan and Discovery Logic's Synapse.

Mark Herzog, executive director of the Virginia Biotechnology Association, said he regularly looks to Maryland and other states for some good

ideas. He wants to see Virginia pass a research and development tax credit similar to what Maryland and other states have. He said he is also reviewing a program in North Carolina that allows biotech companies a 100 percent exclusion of capital gains taxes.

*Staff Writer Robert Rand contributed to this report.*