



**HOUSE BILL 0654 – Maryland Small Business Innovation Research and
Technology Transfer Incentive Program**
Urging a Favorable Report

Thank you madame Chair and members of the House Ways & Means Committee. My name is Tom Sadowski, Vice Chancellor for Economic Development for the University System of Maryland. Technology development/transfer and commercialization are all strategic priorities of the USM and its partner institutions. So too is new venture development, or said another way, new startup business creation. These new businesses are integral to our efforts to commercialize the technology developed at our institutions, taking these ideas to market, creating jobs, and contributing to the communities surrounding our 12 institutions throughout the State of Maryland.

Each year, USM institutions are responsible for helping foster creation of approximately 100 new startups, 20% of which are based on USM-related intellectual property. The Small Business Innovation Research (SBIR) program is a tremendous resource in helping commercialize USM-related research. More than 100 SBIR awards since 2011 have helped support the growth of 45-plus USM startups—companies like Harpoon Medical who in 2017 was acquired by Edwards Life Sciences Corp for more than \$250 million. Harpoon’s founders have since founded new companies here in Maryland with equal promise and are busy scaling these new ventures and creating jobs in the region. This is a great result no doubt, but still far short of our potential and strategic need going forward. House Bill 0654 would be valuable tool in pursuit of this greater outcome.

The Small Business Innovation Research (SBIR) program helps fund and foster the development of science and technology behind the many new ventures and startup businesses here in Maryland. On average, 12 USM affiliated companies each year get Phase I and Phase II SBIR grant awards. SBIR awards act as third-party, expert validation of these ventures and support R&D that is critical to their success. However, SBIR awards alone cannot support these companies, which are early in their existence. Without the financial resources necessary to cover non-R&D expenses that are critical to commercialization success, these companies, which represent Maryland’s most promising, cannot as effectively leverage their federal support to fuel their growth here in Maryland. The existence of such complementary “non-dilutive” funding, as provided via HB 0654, is further invaluable when these companies pursue investors for support. Investors want to see that startups have these types of resources before agreeing to invest to assure the technology will continue to be nurtured. The approval of HB 0654 could not only help double the number of total SBIR awards in Maryland each year but provide the resources necessary to help build the business aspects of these startups and position them more favorably for investment and overall, increase the number of SBIR awards for USM startups.

Finally, it has been well documented in national studies, that 80% of startups choose to remain in those communities where they first receive technical assistance and financial support. The approval of HB 0654 would go far in helping to not just grow, but to retain and attract these strategically valuable companies, as well as the new jobs and purchasing power of these firms.

Maryland is a leader in innovation and technology development— for the future we need to be a leader in technology commercialization and new business growth as well, not an exporter of intellectual capital and talent to competing states.

On behalf of the University System of Maryland, our partner institutions and our promising innovators and entrepreneurs, I therefore request your favorable report on HB 0654.