

**10 Year Statewide Strategic Plan
Innovation Subcommittee Kick-off Meeting
February 4, 2021 from 2:00 pm – 4:00 pm**

Meeting Attendees:

- Brian Whitney
- Wick Johnson
- John Burns
- Cem Giray
- Margaret Angell
- Jennifer Sporzynski
- Renee Kelly
- Shane Moeykens
- Judy Sproule
- Jake Ward
- Martha Bentley
- Charlotte Mace
- Melissa Winne
- Liz Trice
- Wanda McNeil

Meeting Objectives:

- **Prioritize/sequence the projects in our strategy area**
- **Determine if anyone else should be invited to join our work group at this stage**
- **Determine next steps for the group and find a time to meet on a monthly basis moving forward**

Notes:

Promote Innovation Spreadsheet Overview

- Tab 1 gives a brief overview of the recommendations from the Strategic Plan and the ERC Report
 - Our charge is to determine how to most effectively implement these recommendations
 - Which need further clarification?
 - Which can be done in the short-term?
 - Which will take more effort?
- Questions/comments on the recommendations?
 - C2: The **Seed Capital Tax Credit** cap was raised to \$15 million (total credits) last year, so we can check off that item
 - All those credits weren't used, but it wasn't a typical year given the pandemic. It will be interesting to see how those credits are utilized in 2021.
 - Legislation is being discussed to raise the annual and lifetime credit caps for individual companies. Seeking input from companies to determine how much of a barrier the current caps have been and their suggested caps.
 - The Office of Program Evaluation and Government Accountability is taking an in-depth look at the Seed Capital Tax Credit program and its impact. They won't

- have conclusions to report for another 6 months to a year, but they are evaluating how useful the credits are, etc. (in discussion with Maine Angels, MTI, and others)
- Should we consider whether the credit should be available to individual investors that are not Maine residents? It's currently only for Maine-based investors/people with Maine taxable income
 - The tax credit is unlikely to draw investors on its own, but they'll take advantage of it if it's there
 - **Social ties** are also important for drawing investment in certain areas. We might want to map Maine affiliations with investors instead of just relying on the tax credit.
 - C3: Revitalize the **Maine Innovation Economy Advisory Board (MIEAB)**
 - <http://www.mainelegislature.org/legis/statutes/10/title10sec949.html>
 - 32-person board comprised of private sector interests, nonprofit research interests, venture capital reps, public university reps, private university reps, a Maine Law rep, former Maine Biomedical Research Board reps, and a Small Enterprise Growth Program rep
 - Board has been largely ignored the last 10 years
 - MIEAB has 3 main roles:
 1. Creating the state's 5-year innovation action plan
 - a. Last plans came out in [2010](#) and [2017](#) – should have had one in 2020
 2. Providing annual updates on the progress related to the 5-year plan
 3. Serving as the state's EPSCoR steering committee
 - C4 Sub-goal: Develop a **domestic exports program** to support businesses in their efforts to sell products inside the U.S.
 - Charlotte/DECD is working on developing a domestic trade program

How do we prioritize our action items? (Discussion)

MIEAB:

- MIEAB is low-hanging fruit – we can work collaboratively to unearth candidates to present to the Governor to get that group reconstituted and meeting
 - Brian put out a call in MTI's newsletter for people who might be interested in serving on MIEAB
 - About 40 people have reached out
 - Brian is requesting resumes and brief bios and will compile a list of prospective nominees to provide to the Governor's staff so the Governor can start making appointments
 - Governor would like at least 3 potential nominees per seat
- We need to frame/define the board positions to set expectations for prospective members – want the board to be action-oriented
 - Need to come up with a job description that clearly outlines the tasks/needs of the board
 - More likely to recruit diverse representatives if we can tell them what they will be doing on the board and how they will be adding value
- The board needs to have a purpose, represent broad perspectives, and needs to be staffed in a way that gives it continuous forward momentum

- The board should move the innovation segment of the economy forward (not just R&D assets, but also human capital/talent and entrepreneurship)
- The board can serve in an advisory capacity similar to this group, but it also needs to have legs and teeth to be an effective mechanism
- MxG has 5 work groups focusing on various segments of the innovation economy – we could have MIEAB serve the advisory role and have MxG be the workhorse to carry out the initiatives.
- MxG work group topics:
 - Metrics and funding for innovation/entrepreneurship
 - Strategies to help early stage companies
 - Strategies to help scaling companies
 - DEI within the innovation economy
 - General communications
- Should we look at the statute and see if the list of 32 members represents the interests we want? The roles are currently narrow/tech sector-focused – the Strategic Plan is a little less sector focused
 - Yes, we should take a look at this list
 - We might also want to chart out some additional responsibilities and deliverables from MIEAB, rather than just the 5-year plan, annual updates, and EPSCoR work
- 5 or so federal programs work with EPSCoR – the importance of the state EPSCoR committee varies program to program
 - The state EPSCoR committee is most important for the National Science Foundation (NSF) – and it continues increase in importance every year
 - Maine’s EPSCoR committee is very large compared to other states – most are 11 or 12 people, ours is 32
 - Shane can get 3 to 5 examples of the makeup of other states’ 12-person committees to help us inform possible recommendations for our board’s reconfiguration
 - The core infrastructure of Maine’s board is strong compared to other states – many states have one/a collection of universities take control of the whole thing (too homogenous)
- We’d have to go to the statute to reconfigure the board, which might not be feasible in time for this legislative session
 - If we stick with the 32-member board, we could make subcommittees within the board to provide more operational direction – e.g., a 10-person subcommittee could focus on EPSCoR, a subcommittee could focus on MxG advisory, etc.
 - Coming up with 2 or 3 subcommittees could also help with recruiting, as we could match people to specific functions
- We also need to consider the diverse entrepreneurs piece. It’s a two-part recommendation:
 1. Make sure we’re including the voice of the entrepreneur/the user of the ecosystem
 2. Make sure we’re including diverse voices
- Can others help Brian generate names/publicize the call for new members?
 - Jake, Liz, Jennifer, and John can help
 - Job description needed – Brian will draft and send to the group
- This work group will review nominee names and prioritize recommendations for the Governor’s staff

Increase R&D investment levels in Maine:

- There is a bill submitted to the legislature for another \$100 million to redo MTAF
 - Our group could help with any actions needed in support of this bill as public hearings start – e.g., finetuning the language for uses and purposes of the funds
- Brian presented to Appropriations about R&D bonds and how they're administered by MTI
 - Got the sense that R&D bonding is anticipated this session
- Not sure what we will get in terms of bonding, but it would be good to pull together priorities from the 10-year plan, the Governor's office, and the climate plan for potential funding
- Would be good for bond language to allow for innovation challenges, capital expansions, etc. in alignment with the 10-year plan and climate change plan
 - <https://climatecouncil.maine.gov/reports>
- Would also be good if bonds could be used for operating expenses, not just capital assets – many companies need funds for market outreach/sales/etc., not just plants/equipment
 - Can check with current AG to see how they interpret capital expenditures related to bonding
- Ideally, funds for innovation would eventually be built into the state budget, rather than relying on bonding
 - Operating dollars would be challenging right now given current economic climate, so R&D bonds are more realistic at this time
- Traditionally, MTI has deployed bond programs based on the language in the bond bill (the legislature specifies how they want the bonds deployed)
 - Also rely on the intent and content of the voter-approved language from the Secretary of State's office
 - MTI does outreach, due diligence, etc. to make funding decisions
 - Most recent bond was about impact, so proposals were evaluated based on economic impact, geographic diversity, etc. (state economists ran an economic impact model for each proposal)
 - MTI requires annual reporting for up to 5 years after projects are completed; the money also typically doesn't go out all at once, but rather when certain milestones are met, typically as a reimbursement

Priorities

- 1. Provide list of potential MIEAB nominees to the Governor**
 - a. Once the board is reconstituted, it can start to discuss some of the items we have raised (Is it the right mix of entities? Should we be taking on additional responsibilities? Etc.)
 - b. Once reconstituted, the board should also aim to publish the next 5-year innovation plan by the end of 2021
 - c. Timeline: Provide recommendations to Governor in next 2-3 weeks. Governor to make appointments within next 45 days.
- 2. Increase R&D investment levels in Maine**

Any Suggested Additions to our Work Group?

- Should include private sector representation
 - Can include representation from a larger employer and a seasoned startup
 - John can suggest names
 - Brian can reach out to Wade and see if anyone from his team is available to join

- Send any suggestions to Brian via email

Other Action Items

- Develop timeline/deadlines for our priorities where possible
- Roux Institute and MxG will be crucial in helping to cultivate an entrepreneurial support system and filling in any gaps in our existing ecosystem
 - Roux Institute is working to sustain, attract, and grow businesses/talent
 - Roux Institute is launching residency program for 6 companies, helping connect them with talent, university researchers, corporate partners, etc.
 - Also planning to launch a venture accelerator later this year

Meeting Schedule

- Thursday afternoons work well
 - Renee would prefer to meet a bit earlier than 2-4PM if possible
 - First Thursday of the month would work well for Wick
- Brian will send schedule for next few meetings so people can get it in their calendars