

2011 Tax Incentive Program Information Session

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The Massachusetts Life Sciences Initiative – Major objectives

State investments in the life sciences “Super Cluster”:

- **Promote economic development**
- **Support the Commonwealth’s world-class academic medical centers, research institutions, universities and industry leaders**
- **Promote a highly skilled and educated workforce**
- **Create an industry-friendly environment**
- **Strengthen and protect Massachusetts’ global leadership position in the Life Sciences**
- **Support the development of treatments, therapies and cures**

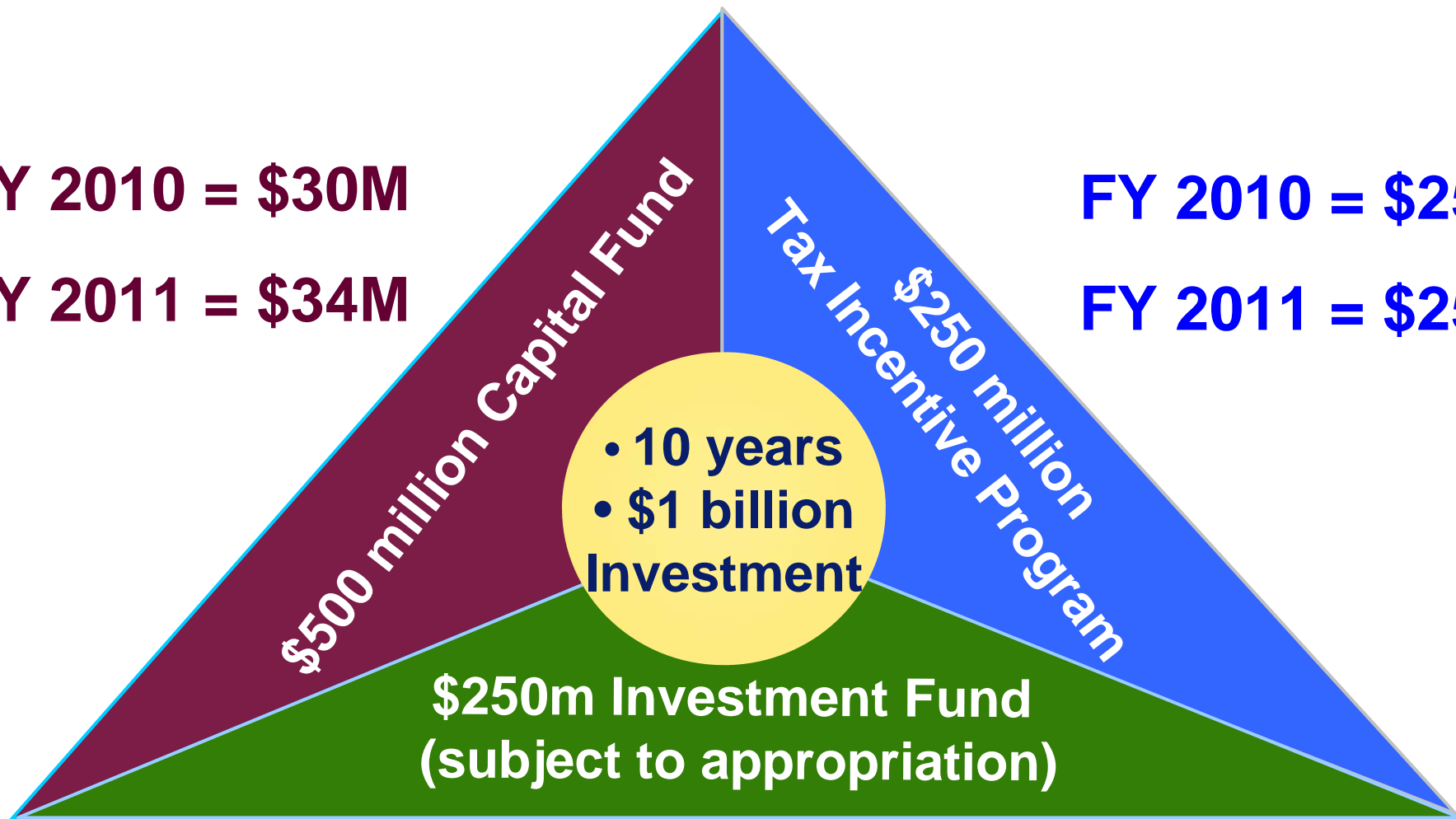
Life Sciences Initiative Investment Tools

FY 2010 = \$30M

FY 2011 = \$34M

FY 2010 = \$25M

FY 2011 = \$25M



FY 2010 = \$10M

FY 2011 = \$10M

Life Sciences Tax Incentive Program

- **The Life Sciences Initiative authorizes the Center to grant \$25 million per year in tax incentives, starting on January 1, 2009.**
- **Two rounds of awards have been made**
- **125+ companies applied to date**
 - Diversity across industry segments
 - Geographic representation
 - Small and large companies
- **The Center convened a roundtable of stakeholders, state agencies and academic experts to develop the criteria for awarding the incentives**
- **48% of all awardees have 100 or fewer MA employees.**

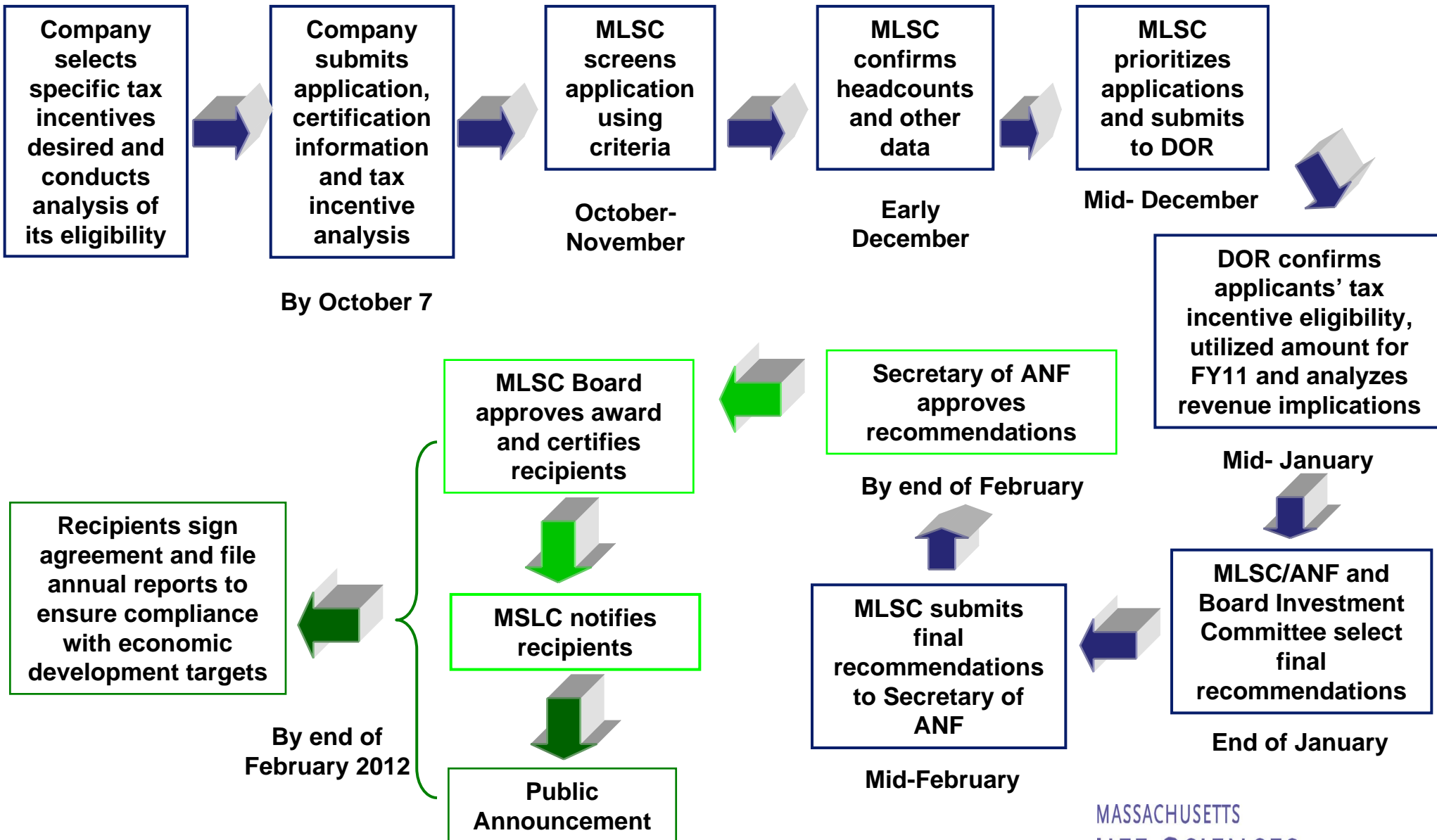
Tax Incentive Program At-a-Glance

- **Up to \$25M annual cap**
- **Must be a Life Sciences Company, as defined per 2008 statute (device/diagnostics, biotech, pharmaceuticals, bioinformatics, etc.), with a presence in MA**
- **Ten different incentives**
 - 10% Investment Tax Credit (90% refundable)
 - FDA user fees for drug applications (90% refundable)
 - Existing in-state research credit now (90% refundable)
 - New credit for out-of-state research
 - NOL extension – from 5 to 15 years
 - Elimination of throwback provision for sales
 - Deduction for Orphan Drug Testing Expenses
 - R&D Corporations for Sales Tax Purposes
 - Sales Tax Exemption for Property Used in Development of Facilities
 - Life Sciences Job Incentive credit (90% refundable)
- **Timing and limit on use of award**

2011 Tax Incentive Program Process Overview

FY11 Application deadline – October 7, 2011

The MLSC will review applications and award tax incentives by end February 2012



2011 Tax Incentive Program – Key dates

- Online application portal opened on Monday, July 18, 2011
- Applications accepted through website only
- Five information sessions to be held:
- Information sessions to be held:
 - 7/21 – Waltham, 1100 Winter Street 1st floor
 - 7/28 – Worcester, WPI, 60 Prescott Street
 - 8/10 – Cambridge, MassBio, One Cambridge Center
 - 8/18 – Waltham, 1100 Winter Street 1st floor
 - 9/13 - Waltham, 1100 Winter Street 1st floor
- Application deadline is noon on Friday, October 7, 2011

Visit www.masslifesciences.com for more details

2011 Accelerator Program At-a-Glance

- 5-Year Loan
- \$100-\$750K target range per company
- 10% Interest rate
- Unsecured, Subordinated
- Warrant Coverage of 4%
- Payable on financing event of at least \$5M
- Applicants have raised less than \$7.5M in equity financing
- Preference for matching other sources of capital – At risk capital at 100% supplemented by public/ private grants (up to 1/3 of total loan amount)
- Life science sectors as defined by the statute: device/diagnostics, biotech, pharmaceuticals, bioinformatics, etc.
- Board Observer Rights
- Adherence to MLSC reporting requirements

Other current programs for small businesses: 2011 Internship Challenge

- **Students submit their application online via the Center's website.**
- **Prospective host companies review applications by filtering based on major, location, etc. (information you enter in your application). It is anticipated that students studying STEM subjects are more likely to be of interest to companies, however there have been requests in the past for students with a Business background.**
- **Companies are responsible for contacting, interviewing, and hiring candidates.**
- **The Center is offering to reimburse companies with 100 or less employees for selected students at up to \$15 per hour for up to 12 weeks.**
- **After total allocation of the Center's funds, companies may still access the database of student candidates and offer paid or unpaid internships at the company's discretion.**
- **Expanded to a year round program**

Keeping in Touch

www.masslifesciences.com

- News updates
- Program Information
- Application portal

Life Sciences Center Email List

- 3,000 recipients
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Questions:

- **Email questions to:**
- **TaxProgram@Masslifesciences.com**