



My Turn: R&D tax credit will boost economy, UAF

Thursday, February 24, 2011

Story last updated at 2/24/2011 - 5:11 pm

My Turn: R&D tax credit will boost economy, UAF

By Brian Rogers | UAF CHANCELLOR

On Jan. 24, Gov. Sean Parnell submitted a bill to establish a 20 percent tax credit for qualified research and development conducted by private businesses in Alaska. If approved, this credit could help stimulate private-sector investment, entrepreneurial activity and business expansion in Alaska that would bring opportunity and sustainable long-term benefits to the state.

In introducing the legislation, the governor said, "Innovation can be an expensive, intricate and time-intensive enterprise. However, it can also spark a chain of investments in capital equipment [and] workers, and spillover activities into multiple economic sectors."

The governor is correct. Innovation can be an expensive, intricate and time-intensive enterprise, but it is definitely worthwhile. The University of Alaska Fairbanks, the state's leading research university, is a partner with Alaska's private sector to use innovation to diversify the state's economy.

UAF has long recognized the value of partnering the knowledge and expertise of our researchers with the needs of communities and private businesses across the state. We have robust research programs that lead to technology development in areas directly related to the needs of the state's economy, including energy, engineering, geophysics, petroleum and mining, health sciences and agriculture.

Some specific examples of these partnerships include:

- UAF, the Alaska Berry Growers and Alaska Blue are examining plant propagation and the nutraceutical properties of blueberries and other berries.
- The UAF School of Natural Resources and Agricultural Sciences is collaborating with the Homegrown Market in Fairbanks to make locally grown reindeer meat available for purchase.
- The UAF College of Liberal Arts and Denali — The Alaska Gas Pipeline are working together to provide training for Alaskans interested in working on the pipeline as archeological technicians.
- The Cooperative Extension Service Thorne Bay program is working with island sawmill operators to turn wood waste into wood fuel to heat the local school and government facilities.
- The Alaska Center for Energy and Power, several utilities, landowners and communities are quantifying resources and assessing options for geothermal development in several areas of the state. They are also investigating a variety of other private and public energy research and development projects.

- The College of Engineering and Mines is conducting applied research in technology to find minerals, extract them and return the land and water to Alaskan's high standards.
- The UAF School of Management is sponsoring the third Arctic Innovation Competition this year, spotlighting innovation by Alaska's entrepreneurs.
- UAF's Community and Technical College provides a wide variety of applied business courses for Alaska entrepreneurs and small businesses.
- The Economic Opportunity Task Force, created by Fairbanks Economic Development Corporation, works with UAF research faculty members to identify technologies and processes that are ready for transfer to the private sector.

UAF's newly created Office of Intellectual Property and Commercialization will augment these efforts and facilitate new partnerships. Under the leadership of associate vice chancellor Dan White, the office will work with partners to commercialize the intellectual property and technology created by UAF's research and development efforts. This work will offer a strong compliment to the governor's endeavor.

In most states, a healthy private research and development sector works in tandem with university research. That hasn't been the case in Alaska; there has been very little private research and development here. The research and development tax credit can change this dynamic. We have seen the film industry tax credit make a difference in the state. This new credit can have a similar effect. It is not just about the opportunity for corporations to conduct independent research in Alaska. Independent research and development can create a ripple effect that benefits more than just the businesses involved.

This is one of the reasons why the Department of Commerce, Community and Economic Development Advisory Council, various Alaska businesses and chambers of commerce, as well as municipalities and economic development councils, support the governor's legislation. It's the reason we support it as well.

The governor's proposed research and development tax credit has the potential to significantly boost economic development in Alaska. UAF is ready to be a partner in that endeavor.

- Rogers is the chancellor of the University of Alaska Fairbanks.