

BIOSCIENCE CAN COUNT ON COLORADO

BY LEAH KIENZ

Sitting at the base of the Rocky Mountains lies a bioscience cluster that contains the resources and talents to become world renowned. Colorado's growing bioscience industry is poised to become an international biotech hub. This will show the world that Colorado does not only have beautiful scenery, but also the ability to compete in the bioscience arena on an international level.

While many states are itching to grow their own bioscience cluster, Colorado has more than 20 years of experience in this sector which others are beginning to notice. As a result of a variety of state-led business incentives and investment funds, Colorado's research institutions have begun spinning out new companies each year. These programs are also designed to attract more businesses to the Rocky Mountain region.

Here is a look into some of these programs.

THE BIOSCIENCE DISCOVERY EVALUATION GRANT PROGRAM

The Bioscience Discovery Evaluation Grant Program (BDEGP), originally funded for \$4.5 million over the past two years, will receive another \$26.5 million over the next try in Colorado. The funds will be disbursed through the Colorado Office of Economic Development and International Trade (OEDIT).

The BDEGP provides 30 percent of the funds for "proof of concept" matching grants through the OEDIT to Colorado technology transfer offices to accelerate commercialization of bioscience technologies up to \$150,000 per research project. Evidence of a dedicated, matching source of monies that is equal to the amount applied for under the program is required and cannot be used to supplement the funding of research scope of the project.

Another 30 percent of the funds are provided as matching grants to early stage Colorado-

based bioscience companies that have licensed a technology from a state research institution. These state matching funds will be given to companies that have received less than \$5 million dollars from grants and third-party investors and that employ fewer than 20. The grants shall be for no more than \$250,000 over the lifetime of the company. Evidence of a dedicated matching source of monies that is equal to the amount applied for under the program is required.

Lastly, up to 40 percent is dedicated to support partnership efforts between the bioscience industry and research institutions to build infrastructure that supports the commercialization of therapeutic and diagnostic products, devices or instruments to improve human health, agriculture and biofuels.

For more information on the Bioscience Discovery Evaluation Grant Program or to apply, please visit www.AdvanceColorado.com.

THE JOB CREATION PERFORMANCE INCENTIVE FUND

Companies that maintain new positions with salaries at least 110 percent above the average salaries in their counties for one year will be awarded with a performance-based incentive. Three million dollars will be distributed annually by The Economic Development Commission (EDC) with administrative support from the Office of Economic Development and International Trade. The goal of this program is to foster new business development, business expansion and relocations that generate new jobs within the state.

Companies located in rural areas must hire at least five new full-time employees in six months and companies in urban areas must hire 10 new full-time employees in six months. Businesses with multiple locations in Colorado may combine locations to meet the minimum

requirements. Contact Colorado's Office of Economic Development and International Trade at www.advancecolorado.com

BIOTECHNOLOGY R&D SALES AND USE TAX REFUND

Colorado's biotechnology industry has the ability to recover the sales and use taxes paid in the preceding year on equipment and supplies purchased to conduct biotechnology research and development. The biotech company may seek a refund every year for all Colorado sales and use taxes they paid on purchases of tangible personal property used directly in research and development of biotechnology. Qualified applicants must submit a refund claim between January 1 and April 1 to the Colorado Department of Revenue. The refund helps promote the biotechnology industry in the state, aiding both start-up and established companies.

During the 2009 legislative session, the Colorado state legislature is seeking to expand the Biotechnology R&D Sales and Use Tax Refund to include both medical device and cleantech companies.

To find out more information or to submit a refund claim, contact the Colorado Department of Revenue or visit www.revenue.state.co.us.

MANUFACTURING EQUIPMENT EXEMPTION FROM COLORADO SALES AND USE TAX

The purchase of machinery or machine tools and parts are exempt from state sales and use tax when the machinery will be used in manufacturing. The machinery must be used to manufacture tangible personal property for sale or profit in Colorado. The tax exemption includes tangible personal property that will be used for one year or more and limits qualifying purchases of used equipment to a maximum of \$150,000 annually.

For more information, contact the Colorado Department of Revenue at www.revenue.state.co.us.

CERTIFIED CAPITAL COMPANIES (CAPCOS)

The Certified Capital Companies Program was created by the Colorado legislature with the goal of making venture capital funds available to new or expanding Colorado small businesses. The CAPCO Program is expected to create new employment opportunities within the state and to stimulate economic growth. Colorado has 34 independently operated CAPCOs that provide loans and equity to Colorado businesses. Investments generated from a CAPCO generally range from \$100,000 to \$3.3 million.

To receive funding you must contact the CAPCOs directly. To view a list of CAPCOs please visit <http://www.state.co.us/oed/business-finance/capco-list.cfm>.

VENTURE CAPITAL AUTHORITY

The Colorado General Assembly in 2004 passed legislation that established the Colorado Venture Capital Authority (VCA), and in 2005 High Country Venture was selected as the fund manager to establish the first fund. Colorado Fund 1 will make seed- and early-stage capital investments in businesses. The VCA anticipates the establishment of a second fund of approximately \$25 million in 2010.

High Country Venture is independently operated and generally makes independent funding decisions. State approval is limited to ensuring that businesses receiving funding meet minimum specified requirements. Investments range from \$250,000 to \$3.375 million.

For more information or to submit a funding request, please visit www.Coloradofund1.com.

ECONOMIC DEVELOPMENT COMMISSION

The Economic Development Commission (EDC) was created by the legislature to promote economic development in Colorado. The EDC approves loans and grants from the economic development fund to help existing businesses expand and new companies locate in Colorado. It also implements marketing programs to support ongoing business activities. All policy and funding decisions are made by the nine commission members. The commission is also responsible for policy decisions concerning the state enterprise zone program.

For more information on the Economic Development Commission please visit www.AdvanceColorado.com

ENTERPRISE ZONE

Colorado's enterprise zone program provides tax incentives to encourage businesses to locate and expand in economically distressed areas. Criteria for the establishment of zones include higher-than-average unemployment rates, low per capita incomes, and/or a population base of less than 80,000. There are 18 enterprise zones and subzones in Colorado. Businesses making qualifying investments and creating jobs in these zones are entitled to various incentives, including ten different enterprise zone tax credits.

To view the enterprise zones or for more information on tax incentives, please visit www.AdvanceColorado.com.

JOB TRAINING GRANT FUNDS

The Colorado First and Existing Industry grants are jointly administered by the OEDIT and the Colorado Community College System. Colorado First grants are provided to companies relocating to Colorado or existing companies undertaking a major expansion. The Existing Industry grants are designed for Colorado com-

panies implementing new technology in order to remain competitive and retain local jobs.

Both grants assist with the cost of employee training. The grant-funded training must be for permanent full-time positions that require substantive and company specific training. Training must occur within the fiscal year that funds are awarded, and the company must pay a minimum of 40 percent of the total cost of training. The grant applications are reviewed on a rolling basis throughout each fiscal year, and the grants generally fund up to \$800 per employee.

To apply for the grants or for more information, please visit www.AdvanceColorado.com

LOCAL INCENTIVES

Your local community may also provide business development incentives. For additional information, contact your local economic development organization. A list can be found at www.advancecolorado.com.

Go to www.coloradoprospects.com to find more information on Colorado's business incentives.



Colorado

Investing in Bioscience Development

430 bioscience companies call Colorado home, employing 18,000 in the state.

In 2008, the State of Colorado passed long-term legislation designed to promote the growth and sustainability of the Bioscience sector. Programs will provide matching proof-of-concept grants to Colorado's research institutions, and funding to early stage companies. Contact us to see how we can invest in your company.

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