

WHAT COLORADO CAN DO FOR YOU: COLORADO'S INVESTMENTS IN THE BIOSCIENCES

BY: LEAH KIENTZ

A bioscience cluster with world-renowned resources and talents sits at the base of the Rocky Mountains. Colorado's growing bioscience industry proves that this skier's paradise has not only beautiful scenery but also internationally competitive research facilities, investors and bioscience firms.

While many states are itching to grow their own bioscience cluster, the Colorado state government has been nurturing this sector for more than 20 years. As a result, there are a variety of state-led business incentives and investment funds for bioscience firms. These incentives help Colorado's research institutions spin out a handful of new



companies a year and bring more business 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 in 2006 for \$4.5 million, received another \$26.5 million in 2008 which will be funded over a five year period. 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 COLORADO INNOVATION INVESTMENT TAX CREDIT (CIITC)

CIITC was created in 2009 by the Colorado legislature (House Bill 09-1105) to encourage,

promote, and stimulate investments in new, small Colorado businesses primarily involved in research & development, or manufacturing, of new technologies, products, or processes.

CIITC is a one year pilot program that provides investors a state income tax credit of 15% (not to exceed \$20,000) of the amount invested during calendar year 2010. The program's primary goal is to motivate angel investors to provide capital to early-stage companies. Successful, newly funded, companies then become growth engines for the state, and help attract additional investors and entrepreneurs.

For more information on the Colorado Innovation Investment Tax Credit 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

Top-Quality Life Science, Priceless Networking

Keystone Symposia on Molecular and Cellular Biology, a nonprofit organization based in Silverthorne, Colorado, has been conducting open, international conferences for research scientists since 1972.

Listen to presentations on unpublished data, gain feedback on your research and build new collaborations at any of 55 conferences to be held fall 2010–spring 2011 all over the world. Meetings include:

- **Immunological Mechanisms of Vaccination**, October 27–November 1, 2010, Seattle, Washington, USA
- **Antibodies as Drugs**, February 6–11, 2011, Keystone, Colorado, USA
- **Biofuels**, March 1–6, 2011, Singapore
- **Stem Cells, Cancer and Metastasis**, March 6-11, Keystone, CO
- **Evolving Approaches to Early-Stage Drug Discovery**, April 3–7, 2011, Snowbird, Utah, USA

Rates are the same for industry as academia. Visit us on the web at keystonesymposia.org/2011meetings and at **BIO (booth #1426)**.



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

JOB GROWTH INCENTIVE TAX CREDIT

The Job Growth Incentive Tax Credit provides a state income tax credit to businesses undertaking job creation projects that would not occur in Colorado without this program and that have met certain requirements under the Economic Development Commission's (EDC) Job Growth Incentive Tax Credit Program.

Businesses have to create at least 20 net new jobs in Colorado during the allocated credit period with an average yearly wage of at least 110% of the county average wage. A business located in an Enhanced Rural Enterprise Zone has to create at least 5 net new jobs in Colorado during the allocated credit period with an average yearly wage of at least 110% of the county average wage.

For more information on the Colorado Innovation Investment Tax Credit or to apply, please visit 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 voted to expand the Biotechnology R&D Sales and Use Tax Refund to include both medical device and clean technology companies. While this legislation passed, the expansion will not take effect until the Legislative Council of the state indicates that general fund revenues are sufficient enough to maintain the program.

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

CRB is a global provider of end-to-end solutions for life science and advanced technology companies. Our solutions deliver enhanced value, productivity and return on investment. Whether you are across town or across the pond, CRB's consulting, design and construction expertise will meet your R&D and manufacturing needs, while adding some black to your bottom line.

www.crbusa.com



Jason Robertson

816.891.3667

jason.robertson@crbusa.com

www.crbusa.com



Consulting Design Construction Commissioning Qualification

- Custom exhibits
- International and domestic rentals
- Modular and portable exhibits
- Installation and logistical services
- Graphic design and in-house production



for more information
please call
Ned Mackey
303 698 3971
www.condit.com

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 six 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.

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 companies 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.advancescolorado.com.

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



Your Pharma and Biotech Partner
Experts in all areas of Product and Program Development

We are a unique Colorado Company advising clients worldwide for over 10 years. CBR's scientific, clinical and program development expertise has resulted in numerous drug, device and biotech FDA approvals. CBR actively partners with each client to strategically and tactically build programs, company teams and internal expertise.

Over 25 staff members supporting:

- Product, Process, and Method Development
- Regulatory Strategy and Operations
- Quality and cGMP compliance
- Clinical Trial Oversight and Protocol/Program Development
- Risk management/due diligence services

Contact us at 720-746-1190 or visit www.cbrintl.com for more information

