

## Colorado Statistics

- 1 Over 600 bioscience companies are located in Colorado including biotechnology, medical device, diagnostic, agricultural-biotech, and pharmaceutical companies.
- 2 Currently, Colorado employs 27,000 people in the bioscience industry, creating over 122,000 direct and indirect jobs, translating into over \$10 billion in payroll.
- 3 Average annual wage is \$84,000.
- 4 Total medical devices and diagnostics employment increased 8.9% between 2008 and 2013.
- 5 Total biotech and pharmaceutical direct employment increased 1.7% from 2012 to 2013.
- 6 Colorado research institutions collectively spin out 20 new bioscience companies each year on average.
- 7 Colorado's medical device sector is the sixth-largest in the nation.
- 8 The State's Bioscience Discovery Evaluation Grant Program has awarded 220 grants totaling more than \$27 million, creating 45 new companies, 381 direct jobs, and \$418 million in follow-on grants and investments.
- 9 Venture capital investments in Colorado bioscience companies totaled \$1.625 billion in the last five years with an additional \$10.166 billion in acquisitions.
- 10 Colorado ranked fourth in the nation for funds raised per worker from the SBIR grant program and received more than \$75.1 million in 2012.

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## 2014 State Legislation to Watch

- 1 **Colorado Advanced Industries Investment Tax Credit:**  
CBSA in partnership with the Colorado Cleantech Industry Association (CCIA) will propose the creation of the Colorado Advanced Industries Investment Tax Credit. The legislation will establish a tax credit for angel or private investors who make an investment into an advanced industry company greater than \$25,000. The investor will receive a tax credit of 25% of their investment, 30% if the company is based in a rural or economically distressed area, with a maximum credit of \$50,000. The tax credit will have an annual cap of \$2 million and will be in effect for the next three and a half years beginning in July, 2014.
- 2 **Advanced Industries Accelerator Program:**  
Created by the Colorado General Assembly in 2013, the Colorado Advanced Industries (AI) Accelerator Program will promote the growth and sustainability of seven key industries, including bioscience. Modeled after the Bioscience Discovery Evaluation Grant Program (BDEGP), the AI Accelerator Program established matching grants focused on proof-of-concept research, early-stage capital and retention grants, and infrastructure initiatives to help support the seven industries. The Colorado BioScience Association supports the Colorado AI Accelerator Program and encourages future funding of the program while also not deterring the success seen by the BDEGP. The CBSA is also supportive of the Advanced Industry Workforce Development Program which will allow OEDIT to reimburse a business up to one-half of its expenses related to internships and apprenticeships. CBSA hopes to see the continuation of the AI Export Assistance program, created in 2013, provides grant opportunities, international consulting experts and educational training to assist companies as they look to export products overseas.
- 3 **Sales and Use Tax Expansion:**  
CBSA will update HB09-1035, which allows biotechnology, medical device and clean technology companies to receive a refund of the state sales and use tax on the purchase of equipment or supplies used for research and development purposes. History has shown this to be an effective incentive for companies to further grow in Colorado, and encourages companies to conduct their research and product development within the state.
- 4 **State Vaccine Policy:**  
In 2013, Senate Bill 222 required the state to organize a taskforce to examine the effectiveness of Colorado's current immunization program with the end goal to improve access to vaccines for children in all of Colorado's communities. CBSA is working alongside Colorado Department of Public Health and Environment, Colorado's vaccine innovators and other partners to address the need for children to receive the appropriate vaccinations and ensure access is available across the entire state. CBSA is working to ensure that the solution does not hinder future innovation in vaccine research and development.
- 5 **Food Labeling Policy Requirements:**  
CBSA supports the voluntary, truthful and non-misleading consumer information regarding food labeling, including foods grown with biotechnological processes such as genetically modified seeds. CBSA also supports the current laws and regulations administered by the Food and Drug Administration (FDA) and the U.S. Department of Agriculture (USDA) that require food labeling to be truthful and not misleading. Given the current statutes and regulations already in place by both the FDA and the USDA, and support for such labeling policies by the American Medical Association and the American Association for the Advancement of Sciences, CBSA believes food labeling regulations should be addressed at the federal level and does not support the development of a state-by-state policy labeling framework.
- 6 **Substitution of Biosimilar Products in Colorado:**  
Currently, Colorado law does not allow for the substitution of a biologic product with a biosimilar. CBSA believes legislation is necessary to allow for biosimilars to be substituted with innovator biologics, when deemed interchangeable by the Food and Drug Administration. The CBSA is also supportive of creating sound state policy establishing parameters for safe substitution and interchangeability.

ColoradoBioScience  
ASSOCIATION

State Policy  
Priorities 2014



Promote Increased Access to Capital for Bioscience Companies

Promote a Supportive Tax and Regulatory Climate

Encourage Economic Development

Support Higher Education and Promote University Research and Technology Transfer Activities

## Promote Increased Access to Capital for Bioscience Companies

### Explanation of Issue

Venture capital investments in Colorado bioscience companies totaled \$1.625 billion in the last five years with an additional \$10.166 billion in acquisitions. Colorado remains a competitive player within the bioscience industry, but there is a crucial lack of funding for early stage research, development and product commercialization within the state. There are only five bioscience investment firms in Colorado, requiring companies to seek out of state investors from both the east and west coasts to international markets.

The Colorado BioScience Association (CBSA) in concert with the Colorado General Assembly have focused on this critical gap over the past ten years. An example includes the creation of the Bioscience Discovery Evaluation Grant Program (BDEGP) in 2006 to grow and expand bioscience research and accelerate the development of new medical technologies. The program has had numerous successes since inception including the creation of 45 new Colorado companies resulting in 381 direct jobs, an additional \$418 million in grants and investments, and has awarded 220 grants totaling more than \$27 million. In 2013, the BDEGP model was expanded upon to create the Advanced Industry Accelerator Grant Program which now furthers the growth of seven high-tech industry clusters, including bioscience.

It is imperative for the state to continue to support the growth of the bioscience industry at its earliest stages in order to encourage the advancement of new company opportunities. Through the development of new state initiatives such as the Advanced Industries Accelerator Program and the Mile High Fund, the Colorado General Assembly continues to focus on the importance of high-technology and high-wage sectors that help shape the economy, one being the bioscience industry.

CBSA advocates for current and additional state bioscience capital funding programs that address these essential elements to help ensure a prosperous industry. CBSA believes the state needs to establish a sustainable venture capital funding program to grow emerging companies and to encourage additional investments within Colorado.

## Promote a Supportive Tax and Regulatory Environment

### Explanation of Issue

Nearly every state in the nation is working to attract the bioscience industry through favorable policies. Colorado continually ranks in the top ten states for bioscience and is at risk of losing companies to other states or countries. A friendly tax and regulatory environment is crucial to remain competitive and grow the bioscience industry in Colorado.

Colorado's regulatory environment is currently controlled by Colorado's Department of Regulatory Agencies (DORA) consisting of over ten divisions focusing on protecting consumers and creating a flexible regulatory framework that promotes a fair and competitive business environment. Through the work of DORA, Colorado consistently ranks in the top five states for growth prospects, economic freedom, entrepreneurial activity, the number of start-up businesses per capita and the best states for doing business. Supporting the current activities of DORA and ensuring these agencies implement rules and procedures that protect consumers while also fostering a healthy business climate is crucial for Colorado to remain a top state to both live and conduct business.

Along with a business friendly regulatory environment, Colorado also provides a competitive tax structure that rewards investments and business innovation. Colorado currently ranks 19th according to the Small Business & Entrepreneurship Council's "Small Business Survival Index," declining from 10th in 2011. This decrease is mainly due to heightened taxes at the local level. While this is concerning, Colorado still maintains its competitive ranking in several areas. According to the 2013 Business Tax Index, Colorado is listed as the 8th most competitive state when considering corporate tax rate, corporate capital gains tax rate and the unemployment tax rate. There are many factors to these rankings that specifically impact the bioscience sector, one of the most important changes occurred in 2009 when the General Assembly successfully changed the state's tax structure to a single sales factor apportionment for corporate income tax.

The Colorado BioScience Association (CBSA) supports efforts in modernizing the state's economic development incentives, continuing the development of new tax and business incentives and programs and working to create a business friendly regulatory environment for the bioscience industry. These programs will help retain current companies, attract new companies, and ensure the growth of start-up businesses in the bioscience sector.

## Encourage Economic Development

### Explanation of Issue

Colorado has a competitive advantage over other states working to grow a bioscience cluster; the state has identified bioscience as a targeted industry cluster, with continued growth in number of companies and employees. Colorado bioscience grew 4.6% from 2007 to 2010, compared to a 1.4% decline for the industry nationwide.

Currently the bioscience industry has over 600 companies with 27,000 direct employees and an average salary of over \$84,000. The multiplier of indirect jobs for each direct job is 3.5, totaling over 122,000 direct and indirect employees in the state.

Colorado is home to one of the largest concentrations of federally funded science and research labs in the nation; generating over \$2.3 billion in net economic benefit in FY 2012. Thirty federal labs are located in the state which have contributed greatly to the evolution of Colorado's bioscience industry. In total, these facilities accounted for 7,966 direct jobs in FY 2012.

At least seven of the 30 federal facilities conduct bioscience related research.

- Centers for Disease Control and Prevention/Division of Vector-Borne Infectious Disease (CDC)
- National Renewable Energy Laboratory (NREL)
- U.S. Department of Agriculture's National Center for Genetic Resources Preservation (NCGRP)
- Agricultural Research Service (ARS)
- Crops Research Laboratories (CRS)
- U.S. Department of Agriculture, National Wildlife Research Center
- Cooperative Institute for Research in Environmental Sciences (CIRES)

It is important for Colorado to maintain these federal research centers to continue as a national leader in the bioscience industry and all high-tech sectors.

## Support Higher Education and Promote University Research and Technology Transfer Activities

### Explanation of Issue

While Colorado is known for its quality of life, the state is also recognized for its highly educated workforce, ranking third for individuals with college degrees. According to the Milken Institute State Technology and Science Index 2013 report, Colorado's bioscience cluster ranks 4th overall among the nation's top clusters. The national attention is a direct result of the extraordinary research and education being conducted within the state's academic institutions.

Our research institutions are leaders in innovation and new company creation. On average Colorado research institutions spin out 20 new bioscience companies each year collectively. Colorado State University research expenditures reached \$340 million in fiscal year 2012, the fifth consecutive year that research dollars exceeded \$300 million. Research faculty in the University of Colorado system secured over \$815 million in sponsored research funding during the 2011-2012 fiscal year. Colorado ranks 11th overall for research and development spending per capita.

Supporting higher education and promoting university research and technology transfer activities is a top priority for the Colorado BioScience Association. In a tightening economy, the CBSA advocates for retaining the programs that help advance research and development and technology transfer activities. The CBSA also supports workforce initiatives with all academic institutions to help create a talent pipeline of necessary employees for our growing industry. The top three priorities of CBSA to help support higher education and promote university research and technology transfer include:

- **Support ongoing initiatives at Colorado research institutions and develop partnerships between public institutions and private companies:** Through the infrastructure grants provided within the Bioscience Discovery Evaluation Grant Program (BDEGP) and now through the Advanced Industries Accelerator Program, the state's research institutions have created new programs that assist emerging bioscience companies in bringing new technologies to commercialization. The CBSA encourages the state to maintain and grow these programs and support the public institutions in developing more partnerships with the private sector.
- **Maintain current initiatives at Colorado's higher education facilities and promote increased funding:** CBSA supports the efforts of the Department of Higher Education and promotes the ability for Coloradans to access high-quality and affordable education. In order for the state to remain competitive in any facet, it's imperative to develop a highly educated workforce which stems from the support provided to our institutes of higher education. The CBSA encourages the state to preserve the current activities within our higher education institutes and supports an increase in their budget.
- **Encourage Science Technology Engineering and Mathematics (STEM) Education in K-12:** The United States as a whole has seen a steady decline in mathematics and science education. This has become a national crisis and one that Colorado needs to address. It is expected that Colorado will need to fill 232,000 STEM (Science, Technology, Engineering and Mathematic) related jobs by 2018. The CBSA supports efforts to enhance science, technology, engineering and math education and encourages the development of educational and internship programs.