An Act

HOUSE BILL 13-1001


CONCERNING AN ADVANCED INDUSTRY GRANT PROGRAM, AND, IN CONNECTION THEREWITH, ENACTING THE "ADVANCED INDUSTRIES ACCELERATION ACT"; ADDING REPRESENTATIVES FROM ADVANCED INDUSTRIES TO THE ECONOMIC DEVELOPMENT COMMISSION; REPEALING THE BIOSCIENCE DISCOVERY EVALUATION GRANT PROGRAM AND THE CLEAN TECHNOLOGY DISCOVERY EVALUATION GRANT PROGRAM; CREATING THE COLORADO ADVANCED INDUSTRIES ACCELERATION CASH FUND TO BE USED TO PROVIDE PROOF-OF-CONCEPT GRANTS, EARLY-STAGE CAPITAL AND RETENTION GRANTS, AND INFRASTRUCTURE FUNDING GRANTS; AND REDUCING AN APPROPRIATION.

Be it enacted by the General Assembly of the State of Colorado:

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.
SECTION 1. Short title. This act shall be known and may be cited as the "Colorado Advanced Industries Acceleration Act".

SECTION 2. In Colorado Revised Statutes, 12-47.1-701, amend as amended by Senate Bill 13-133 (2) (a) (II) as follows:

12-47.1-701. Limited gaming fund - created - repeal. (2) (a) Except as provided in paragraph (b) of this subsection (2), at the end of the 2012-13 state fiscal year and at the end of each state fiscal year thereafter, the state treasurer shall transfer the state share as follows:

(II) (A) FOR THE 2012-13 AND 2013-14 STATE FISCAL YEARS, five million five hundred thousand dollars to the bioscience discovery evaluation cash fund for the implementation of the bioscience discovery evaluation grant program created in section 24-48.5-108, C.R.S. THIS SUB-SUBPARAGRAPH (A) IS REPEALED, EFFECTIVE JANUARY 1, 2015.

(B) FOR THE 2014-15 STATE FISCAL YEAR AND EACH STATE FISCAL YEAR THEREAFTER, FIVE MILLION FIVE HUNDRED THOUSAND DOLLARS TO THE ADVANCED INDUSTRIES ACCELERATION CASH FUND, CREATED IN SECTION 24-48.5-117, C.R.S.;

SECTION 3. In Colorado Revised Statutes, 24-46-102, amend (3) as follows:

24-46-102. Colorado economic development commission - creation - membership - definition. (3) (a) The commission shall consist of the governor or the governor's designee and eight members who shall be appointed no later than August 1, 1996, as follows: Four members shall be appointed by the governor; two members shall be appointed by the speaker of the house of representatives; and two members shall be appointed by the president of the senate.

(b) ON AND AFTER SEPTEMBER 1, 2013, THE COMMISSION INCLUDES TWO ADDITIONAL MEMBERS TO REPRESENT ADVANCED INDUSTRIES. THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE PRESIDENT OF THE SENATE SHALL EACH APPOINT ONE MEMBER, AND THESE MEMBERS MUST HAVE ADVANCED INDUSTRY BUSINESS AND RESEARCH EXPERIENCE. IN MAKING THESE APPOINTMENTS, THE SPEAKER AND THE PRESIDENT SHALL
GIVE PREFERENCE TO A PERSON WHOSE EXPERIENCE IS IN MORE THAN ONE ADVANCED INDUSTRY.

(c) No member of the general assembly shall be appointed as a member of the commission. The governor shall appoint at least one person from west of the continental divide and one person from the eastern slope predominately from the rural area. Members shall serve at the pleasure of their appointing authority.

(d) AS USED IN THIS SUBSECTION (3), "ADVANCED INDUSTRY" MEANS THE FOLLOWING INDUSTRIES:

(I) ADVANCED MANUFACTURING;

(II) AEROSPACE;

(III) BIOSCIENCE;

(IV) ELECTRONICS;

(V) ENERGY AND NATURAL RESOURCES;

(VI) INFRASTRUCTURE ENGINEERING; AND

(VII) INFORMATION TECHNOLOGY.

SECTION 4. In Colorado Revised Statutes, 24-46-104, amend (1) (o); and add (1) (p) as follows:

24-46-104. Powers and duties of commission. (1) The commission has the following powers and duties:

(o) To oversee the Colorado office of film, television, and media loan guarantee program pursuant to section 24-48.5-115 and the performance-based incentive for film production in Colorado pursuant to section 24-48.5-116; AND

(p) TO CONSULT WITH THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT PURSUANT TO SECTION 24-48.5-117.
SECTION 5. In Colorado Revised Statutes, 24-48.5-108, amend (6); and add (5) (c) as follows:


(6) This section is repealed, effective January 2, 2015.

SECTION 6. In Colorado Revised Statutes, add 24-48.5-117 as follows:

24-48.5-117. Advanced industry - grants - fund - definitions - repeal. (1) Legislative declaration. (a) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT COLORADO IS HOME TO A NETWORK OF ASSETS AND RESOURCES, WHICH INCLUDE RESEARCH UNIVERSITIES, COMMUNITY COLLEGES, FEDERAL LABORATORIES, INNOVATIVE COMPANIES, MANUFACTURING INFRASTRUCTURE, WORKFORCE TRAINING INSTITUTIONS, AND ENTREPRENEURS. TO DRIVE GROWTH IN COLORADO'S ECONOMY, THE STATE MUST FOCUS ON INCREASING THE CAPACITY AND COMPETITIVENESS OF THESE ASSETS AND RESOURCES AND THEREBY ATTRACT GREATER INVESTMENT AND PROVIDE A COMPETITIVE ADVANTAGE FOR COLORADO'S ADVANCED INDUSTRIES. INVESTMENT IN ADVANCED INDUSTRIES WILL BUILD PUBLIC-PRIVATE PARTNERSHIPS, DRIVE INNOVATION, AND INCREASE CAPITAL INVESTMENT IN COLORADO'S ECONOMY.

(b) THE GENERAL ASSEMBLY FURTHER FINDS AND DECLARES THAT INVESTMENT IN ADVANCED INDUSTRIES WILL:

(I) DRIVE GROWTH IN HIGH-PAYING, HIGH-SKILL JOBS;

(II) ALIGN EDUCATIONAL INSTITUTIONS TO CREATE THE WORKFORCE FOR ADVANCED INDUSTRY NEEDS;

(III) INCREASE EXPORTS AND COMPETITIVENESS IN GLOBAL
MARKETS;

(IV) ACCELERATE THE COMMERCIALIZATION OF TECHNOLOGIES; AND

(V) PROMOTE RESEARCH AND DEVELOPMENT CAPABILITIES ACROSS RESEARCH UNIVERSITIES, COMMUNITY COLLEGES, AND FEDERAL LABORATORIES.

(c) THE GENERAL ASSEMBLY RECOGNIZES THE VALUE OF CROSS-SECTOR COLLABORATION AND PARTNERSHIPS WITH RESEARCH INSTITUTIONS AND INDUSTRY AND ENCOURAGES THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT TO PLAY AN ACTIVE ROLE IN ALIGNING RESOURCES TO CREATE AND IMPLEMENT STRATEGIC INITIATIVES ACROSS ADVANCED INDUSTRIES.

(2) Definitions. As used in this section:

(a) "ADVANCED INDUSTRY" MEANS THE FOLLOWING INDUSTRIES:

(I) ADVANCED MANUFACTURING;

(II) AEROSPACE;

(III) BIOSCIENCE;

(IV) ELECTRONICS;

(V) ENERGY AND NATURAL RESOURCES;

(VI) INFRASTRUCTURE ENGINEERING; AND

(VII) INFORMATION TECHNOLOGY.

(b) "FUND" MEANS THE ADVANCED INDUSTRIES ACCELERATION CASH FUND CREATED IN PARAGRAPH (a) OF SUBSECTION (7) OF THIS SECTION.

(c) "OFFICE OF ECONOMIC DEVELOPMENT" OR "OFFICE" MEANS THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT CREATED IN SECTION 24-48.5-101.
(d) "OFFICE OF TECHNOLOGY TRANSFER" MEANS AN OFFICE THAT:

(I) IS AFFILIATED WITH A RESEARCH INSTITUTE;

(II) IS RESPONSIBLE FOR TECHNOLOGY TRANSFERS; AND

(III) ARRANGES FOR THE SALE OR LICENSURE OF AN ADVANCED INDUSTRY PROJECT TO A PRIVATE ENTITY.

(e) "PROGRAM" MEANS THE ADVANCED INDUSTRIES ACCELERATION GRANT PROGRAM CREATED IN SUBSECTION (3) OF THIS SECTION.

(f) "RESEARCH INSTITUTION" MEANS AN INSTITUTION LOCATED AND OPERATING IN COLORADO THAT IS A:

(I) PUBLIC OR PRIVATE, NONPROFIT INSTITUTION OF HIGHER EDUCATION OR TEACHING HOSPITAL;

(II) FEDERAL LABORATORY;

(III) PRIVATE TECHNOLOGY AND RESEARCH CENTER; OR

(IV) PRIVATE, NONPROFIT MEDICAL AND RESEARCH CENTER.

(3) Program. (a) The Advanced Industries Acceleration Grant Program is created within the Office of Economic Development. The purpose of the program is to accelerate economic growth through grants that improve and expand the development of advanced industries, facilitate the collaboration of advanced industry stakeholders, and further the development of new advanced industry products and services. The Office of Economic Development shall administer the program, which includes proof-of-concept grants, early-stage capital and retention grants, and infrastructure funding grants. All grants are from moneys in the Advanced Industries Acceleration Cash Fund created in subsection (7) of this section. Except for the reporting requirement in subsection (6) of this section, the program ends on July 1, 2024, and all grants must be disbursed prior to that date.
(b) (I) The office of economic development may award a proof-of-concept grant for an advanced industry research project to an eligible office of technology transfer.

(II) To be eligible for a proof-of-concept grant, an office of technology transfer must:

(A) Submit a description of the advanced industry research project;

(B) Provide an analysis demonstrating that the project will provide significant economic impact or competitive advantage for the state and advanced industries and that it will accelerate the pace of applied research leading to rapid commercialization of products and services resulting from the project; and

(C) Have a dedicated, matching source of moneys from its affiliated research institution that is greater than or equal to one-third of the amount of the requested grant.

(III) In selecting the recipients of a proof-of-concept grant, the office of economic development shall give preference to projects sponsored by an office of technology transfer that:

(A) Include impacts across more than one advanced industry;

(B) Involve more than one research institution or advanced industry stakeholder; or

(C) Originate from a nonprofit research institution.

(IV) Except as set forth in paragraph (b) of subsection (4) of this section, the maximum amount of a proof-of-concept grant is one hundred fifty thousand dollars.

(V) A recipient of a proof-of-concept grant shall use the grant only to accelerate product or service commercialization and shall not use the grant to support basic research.
(c) (I) The Office of Economic Development may award an early-stage capital and retention grant to an eligible company for the purpose of accelerating the commercialization of advanced industry products or services to be manufactured or performed in Colorado.

(II) To be eligible for an early-stage capital and retention grant, a company must:

(A) Be in an advanced industry;

(B) Have its headquarters located in Colorado or have at least fifty percent of its employees based in Colorado;

(C) Have received less than twenty million dollars from other grants and third-party investors;

(D) Have annual revenues of less than ten million dollars;

(E) Provide an analysis demonstrating that the scope of the project is required to enhance the commercialization of one or more advanced industry products or services within the state; and

(F) Have a dedicated, matching source of moneys that is greater than or equal to twice the amount of the requested grant.

(III) In selecting the recipient of an early-stage capital and retention grant, the Office of Economic Development shall give preference to a company whose technology or research and development has application to more than one advanced industry.

(IV) Except as set forth in paragraph (b) of subsection (4) of this section, the maximum amount of an early-stage capital and retention grant is two hundred fifty thousand dollars.

(d) (I) The Office of Economic Development may award an infrastructure funding grant for an advanced industry project that builds or utilizes infrastructure to support or enhance the commercialization of advanced industry products or services or
THAT CONtributes to the development of an advanced Industry workforce.

(II) To be eligible for an Infrastructure funding grant, a project must:

(A) substantially increase alignment between private companies within an advanced Industry and research institutions; and

(B) have a matching source of moneys that is greater than or equal to twice the amount of the requested grant.

(III) In selecting recipients for the Infrastructure funding grants, the Office of Economic Development shall give preference to projects that:

(A) accelerate economic growth in more than one advanced Industry or include more than one research institution or advanced Industry stakeholder;

(B) originate from nonprofit research institutions;

(C) focus on applied research and development, technology acceleration, or production-oriented or manufacturing-oriented facilities; or

(D) focus on workforce development that addresses the advanced Industries' workforce skills that are needed to facilitate commercialization of products or services.

(IV) Except as set forth in paragraph (b) of subsection (4) of this section, the maximum amount of an Infrastructure funding grant is five hundred thousand dollars.

(4) Common grant policies. any grant awarded pursuant to subsection (3) of this section is subject to the following:

(a) in order to be eligible for a grant, a grant applicant must:

PAGE 9-HOUSE BILL 13-1001
(I) Identify the number of jobs that will be created or retained in the state, anticipated capital invested or retained in the state, and any other projected economic impacts that will result from the grant; and

(II) Submit any information required by the Office of Economic Development to be eligible for a grant;

(b) A limit on the maximum amount of grants does not apply to any applicant that qualifies for a preference identified in subsection (3) of this section;

(c) The Office of Economic Development shall not pay a grant to a recipient unless the recipient has received the matching source of moneys that is required for the grant;

(d) (I) Upon completion of a project that was the basis of a grant, a recipient shall identify how the grant was used, the number of jobs created or retained in the state, capital invested or retained in the state, and any other economic impacts that resulted from the grant; and

(II) Return any unused grant moneys to the Office of Economic Development, which shall transfer the moneys to the State Treasurer for deposit in the Advanced Industries Acceleration Cash Fund.

(5) Grant administration. (a) On or before September 1, 2013, the Office of Economic Development shall establish procedures and timelines for grant applications; criteria for determining grant amounts, including how preferences will be applied; grantee reporting requirements; and any other program policies. The office may amend these policies at any time.

(b) Prior to awarding a grant, the Office of Economic Development shall consult with the Economic Development Commission about all of the potential grants and other monetary incentives that an Office of Technology Transfer, company, or project is eligible to receive from the State.
(c) The Office of Economic Development shall consult with Colorado-based advanced industries associations or other representatives from advanced industries about the program. This consultation must include reviewing of program grant applications and monitoring and evaluating the grantees and the advanced industry projects.

(d) Subject to the available moneys, there is no limit on the number of grants that the Office of Economic Development may annually award.

(e) (I) In the 2014 calendar year, the Office of Economic Development shall award, at a minimum, an amount equal to one-half of the amount credited to the fund on March 1, 2014, pursuant to section 39-22-604.3, C.R.S., for program grants to clean technology companies or projects.

(II) In the 2015 calendar year and each calendar year thereafter, the Office of Economic Development shall award, at a minimum:

(A) Five million five hundred thousand dollars for program grants to bioscience companies or projects; and

(B) An amount equal to one-half of the amount credited to the fund during the year pursuant to section 39-22-604.3, C.R.S., for program grants to clean technology companies or projects.

(III) The Office of Economic Development may use any moneys in the fund that are not required for the mandatory grants under subparagraph (II) of this paragraph (e) for program grants to companies or projects from any of the seven advanced industries.

(f) The Office of Economic Development shall award at least fifteen percent of the total program grants in a calendar year to each of the three types of grants. If the office is unable to award this percentage in a given year due to a lack of qualified applicants, the deficiency does not roll forward to the next year.

(6) Reporting. (a) On or before November 1, 2014,
November 1 of the next ten years thereafter, the Office of Economic Development shall submit a report to the Finance and the Business, Labor, and Economic and Workforce Development Committees of the House of Representatives and to the Business, Labor, and Technology and the Finance Committees of the Senate, or any successor committees, summarizing all of the grants awarded in the program during the preceding fiscal year. At a minimum, the report must include the amount that each recipient received, a description of each recipient's use of the grant, the number of jobs created or retained in the State, capital invested or retained in the State, and any other economic impacts that resulted from the grant.

(b) Section 24-1-136 (11) does not apply to the report required by paragraph (a) of this subsection (6).

(7) Fund. (a) The Advanced Industries Acceleration Cash Fund is created in the State Treasury. The fund consists of:

(I) Moneys transferred to it pursuant to section 24-48.5-108 (5) (c);

(II) Moneys credited to it pursuant to section 39-22-604.3, C.R.S.;

(III) Moneys transferred to it pursuant to section 12-47.1-701 (2), C.R.S;

(IV) Five million dollars, which the State Treasurer shall transfer from the general fund to the fund on September 1, 2013;

(V) Moneys credited to it pursuant to subparagraph (II) of paragraph (d) of subsection (4) of this section;

(VI) Any gifts, grants, or donations credited to it pursuant to paragraph (b) of this subsection (7); and

(VII) Any other moneys that the General Assembly appropriates to it.
(b) (I) The office of economic development is authorized to seek and accept gifts, grants, or donations from private or public sources for the purposes of the program; except that the office may not accept a gift, grant, or donation that is subject to conditions that are inconsistent with this section or any other law of the state. The office shall transmit all private and public moneys received through gifts, grants, or donations to the state treasurer, who shall credit the same to the fund.

(II) The general assembly finds that the implementation of this program does not rely entirely or in any part on the receipt of adequate funding through gifts, grants, or donations. Therefore, the office of economic development is not subject to the notice requirements specified in section 24-75-1303 (3).

(c) The moneys in the fund are continuously appropriated to the office of economic development for the purpose of awarding grants allowed by this section and for its administrative costs associated with the program. The office's administrative expenses for the program in a fiscal year shall not exceed five percent of the moneys transferred or appropriated to the fund in the fiscal year.

(d) As provided by law, the state treasurer may invest any unexpended moneys in the advanced industries acceleration cash fund. All interest and income derived from the investment and deposit of moneys in the fund are credited to the fund. Any unexpended and unencumbered moneys remaining in the fund at the end of a fiscal year shall not be credited or transferred to the general fund or another fund; except that any unexpended and unencumbered moneys remaining in the fund upon the repeal of this section are transferred to the general fund.

(8) Repeal. This section is repealed, effective January 1, 2025.

SECTION 7. In Colorado Revised Statutes, 39-22-604.3, amend (3) (b) and (4) as follows:

39-22-604.3. Innovation reinvestment - withholding - transfers - bioscience - clean technology - short title - legislative declaration -
definitions - repeal. (3) As used in this section, unless the context otherwise requires:

(b) "Bioscience or clean technology industry code" means any of the following codes within the North American industry classification system established by the federal office of management and budget: 311221, 311222, 311223, 325193, 325199, 325221, 325311, 325312, 325314, 325320, 325411, 325412, 325413, 325414, 325415, 325416, 325417, 339111, 339112, 339113, 339114, 339115, 339116, 541380, 541710, 621511, 621512, 221111, 221119, 221330, 221114, 221115, 221116, 221117, 221118, 221330, 237110, 237130, 238220, 235188, 333414, 333611, 334413, 334512, 335312, 335999, 336111, 423720, 541620, 541690, AND ANY SUCCESSOR CODES.

(4) Notwithstanding any provision of law to the contrary, beginning March 1, 2014, and March 1 of the next nine years thereafter, the state treasurer shall credit an amount equal to one-half of the bioscience and clean technology income tax withholding growth from the moneys remitted by employers to the department of revenue pursuant to section 39-22-604 to the bioscience discovery evaluation cash fund created in section 24-48.5-108 (5), C.R.S., and the clean technology discovery evaluation cash fund created in section 24-48.5-111 (5), C.R.S., with each fund receiving an equal share.

SECTION 8. In Colorado Revised Statutes, repeal 24-48.5-111.

SECTION 9. Appropriation - adjustments to 2013 long bill. (1) For the implementation of this act, appropriations made in the annual general appropriation act to the governor - lieutenant governor - state planning and budgeting for the fiscal year beginning July 1, 2013, are adjusted as follows:

(a) The cash funds appropriation from the bioscience discovery evaluation cash fund created in section 24-48.5-108 (5) (a), Colorado Revised Statutes, for bioscience discovery evaluation, is decreased by $2,463,016.
SECTION 10. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 7, 2013, if adjournment sine die is on May 8, 2013); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless
approved by the people at the general election to be held in November 2014 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Mark Ferrandino
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

John P. Morse
PRESIDENT OF THE SENATE

Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

Cindi L. Markwell
SECRETARY OF THE SENATE

APPROVED

John W. Hickenlooper
GOVERNOR OF THE STATE OF COLORADO