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Revised Fiscal Note

(replaces fiscal note dated January 26, 2023)

Drafting Number:	LLS 23-0547	Date:	March 8, 2023
Prime Sponsors:	Sen. Simpson; Hansen Rep. Bird; Lynch	Bill Status:	Senate Appropriations
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Bill Topic: **ADVANCED INDUSTRY ACCELERATION PROGRAMS**

Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill extends the Advanced Industry Acceleration Programs in the Office of Economic Development and International Trade by ten years. It continues current state expenditures and transfers for ten years.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The revised fiscal note reflects the introduced bill. It has been updated to reflect new information.

**Table 1
State Fiscal Impacts Under SB 23-066**

		Budget Year FY 2023-24	Out Year FY 2024-25
Revenue		-	-
Expenditures*	Cash Funds	-	\$23,113,702
	Total Expenditures	-	\$23,113,702
	Total FTE	-	2.6 FTE
Transfers*	General Fund	(\$17,613,702)	(\$23,113,702)
	Cash Funds	\$17,613,702	\$23,113,702
	Net Transfer	\$0	\$0
Other Budget Impacts*	TABOR Refund	-	-

* State expenditure and transfer impacts represent a continuation of current amounts.

Summary of Legislation

Under current law, the Advanced Industry Export Acceleration Program in the Office of Economic Development and International Trade (OEDIT) is repealed on January 1, 2025, and the Advanced Industry Acceleration Grant Program ends July 1, 2024. In addition, the requirement that half the amount of growth in bioscience and clean technology income tax wage withholding be deposited in the Advanced Industries Acceleration Cash Fund ends in the current FY 2022-23. The bill extends this provision and both programs by 10 years.

The bill also repeals the requirement that a business show a profit during the last fiscal year to be eligible for an international export development expense reimbursement.

Background

The Advanced Industry programs in OEDIT support the growth of businesses in seven advanced industries: advanced manufacturing, aerospace, bioscience, electronics, energy and natural resources, infrastructure engineering, and technology and information. The Export Acceleration Program reimburses advanced industry businesses for qualified international business development and marketing costs. The Acceleration Grant Program provides proof-of-concept, early-stage capital and retention, and infrastructure funding grants to qualifying businesses to expand and develop, facilitate collaboration, and develop products and services.

Advanced Industry programs are funded from the Advanced Industries Acceleration Cash Fund, which includes half the bioscience and clean technology income tax withholding growth (\$17.6 million in FY 2022-23) and a portion of limited gaming revenues (\$5.5 million annually) transferred from the General Fund to the cash fund. It is administered by 2.6 FTE.

Assumptions

The state transfers and expenditures identified in this fiscal note reflect a continuation of current amounts and existing operations.

State Transfers

The bill continues two state transfers, totaling \$17.6 million in FY 2023-24 and an estimated \$23.1 million in FY 2024-25 and subsequent years.

Bioscience and clean technology income tax withholding. The bill continues the transfer of a portion of the bioscience and clean technology income tax withholding growth from the General Fund to the Advanced Industries Acceleration Cash Fund, estimated at \$17.6 million beginning in FY 2023-24. The amount transferred fluctuates each year; this amount reflects FY 2022-23 revenue, which is assumed to continue in subsequent years.

Limited gaming revenue. Under current law, \$5.5 million per year in limited gaming revenue is transferred from the General Fund to the Advanced Industries Acceleration Cash Fund. This transfer does not repeal; however, the cash fund is currently scheduled to repeal January 1, 2025. The fiscal note assumes that the transfer will continue annually for ten years, beginning in FY 2024-25.

State Expenditures

The bill increases state expenditures in OEDIT by an estimated \$23.1 million in FY 2024-25 through FY 2034-35. Expenditures are from the Advanced Industries Acceleration Cash Fund and will fluctuate based on the amount of funding available each year. The money is distributed as grants or reimbursements to businesses in advanced industries, and covers the cost of 2.6 FTE to staff the program in OEDIT. The fiscal note assumes that because the transfer of income tax withholding growth occurs on March 1, it is spent in the year after it is collected and that the program will continue through FY 2023-24 under current law. As a result, no appropriation is required for FY 2023-24.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Information Technology

Office of Economic Development and International Trade