



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number: LLS 24-0936 Date: February 16, 2024
Prime Sponsors: Sen. Gardner Bill Status: Senate Business, Labor & Tech.
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Bill Topic: SMALL BUSINESS RESEARCH MATCHING PROGRAM

Summary of Fiscal Impact:
State Revenue [] State Transfer [x] Local Government []
State Expenditure [x] TABOR Refund [] Statutory Public Entity []

The bill creates the Colorado Small Business Innovative Research Matching Money Program to match federal funds awarded through the Small Business Innovative Research and Small Business Technology Transfer programs. It transfers funds and increases state expenditures for five years starting in FY 2024-25.

Appropriation Summary: No appropriation is required. The Colorado Small Business Innovative Research Matching Cash Fund is continuously appropriated to the Office of Economic Development.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 24-140

Table with 4 columns: Category, Sub-category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue, Expenditures (Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers (General Fund, Cash Funds, Net Transfer), and Other Budget Impacts.

Summary of Legislation

The bill creates the Colorado Small Business Innovative Research Matching Money Program in the Office of Economic Development and International Trade (OEDIT) to match federal funds awarded to Colorado-based businesses through the Small Business Innovative Research (SBIR) and Small Business Technology Transfer (STTR) programs.

Grant program. The bill requires OEDIT to administer the grant program and award matching funds to eligible Colorado-based businesses that have received SBIR or STTR federal funding. To be considered for matching funds, a business must meet certain criteria and submit an application that details a specific service, product, or concept that has a reasonable probability of providing economic return to the state. The bill requires grant recipients to maintain business in the state for at least three years, or be subject to repayment of awarded funds.

Reporting. By July 1 of each year, selected businesses must provide a report to OEDIT detailing progress of the business. OEDIT must report grant program data to the General Assembly by November 1 of each year.

Program funding. The bill creates the Colorado Small Business Innovative Research Matching Cash Fund and transfers \$5.0 million on July 1, 2024, from the General Fund to the fund. Money in the cash fund is continuously appropriated to OEDIT to administer the program.

The program is repealed on January 1, 2029.

Background

The SBIR and STTR programs are federal programs that provide awards and incentives intended to encourage domestic small businesses to engage in federal research and development with the potential for commercialization. For informational purposes, 132 Colorado-based organizations received a federal SBIR grant and 36 Colorado-based organizations received a federal STTR grant in 2022.

State Transfers

The bill transfers \$5.0 million from the General Fund to the Colorado Small Business Innovative Research Matching Cash Fund on July 1, 2024.

State Expenditures

The bill increases state expenditures in OEDIT by a total of \$5.0 million from FY 2024-25 to FY 2028-29, paid from the Colorado Small Business Innovative Research Matching Cash Fund. This fiscal note assumes that money transferred to the fund will be spent evenly over the five-year period. Expenditures are shown in Table 2 and detailed below.

**Table 2
Expenditures Under SB 24-140**

	FY 2024-25	FY 2025-26
Office of Economic Development and International Trade		
Personal Services	\$125,137	\$113,761
Operating Expenses	\$1,408	\$1,280
Capital Outlay Costs	\$6,670	-
Salesforce Development	\$23,000	-
Grants	\$853,093	\$853,093
Centrally Appropriated Costs ¹	\$25,484	\$23,168
Total Cost	\$1,034,792	\$991,302
Total FTE	1.1 FTE	1.0 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Staff. In FY 2024-25, OEDIT requires 1.3 FTE Program Management III to develop program policies, create and manage the application process, and market program materials. On an ongoing basis, OEDIT requires 1.0 FTE Program Management III to administer the program, award grants, evaluate program metrics, and handle accounting and procurement initiatives. Staff costs and FTE are prorated in the first year based on the bill's effective date.

Salesforce development. OEDIT uses the management software Salesforce to oversee grant recipients, applicants, analytics, and application development. In FY 2024-25, OEDIT requires an estimated \$23,000 to integrate the new grant program into Salesforce.

Grants. After administrative costs, about \$4.2 million will be available for grants. Assuming spending is disbursed evenly over a five-year period, about \$853,000 in grants will be awarded each year, with specific amounts determined by OEDIT.

Legal services. OEDIT may require legal services, provided by the Department of Law, which can be accomplished within existing legal services appropriations. Legal counsel is related to rulemaking, implementation, and ongoing administration of the program.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

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

Governor	Information Technology	Law
Local Affairs	Office of Economic Development	Personnel
Treasury		

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).