



Legislative Council Staff

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Revised Fiscal Note

(replaces fiscal note dated March 8, 2023)

Drafting Number: LLS 23-0547 Date: April 18, 2023
Prime Sponsors: Sen. Simpson; Hansen Bill Status: House Finance
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Bill Topic: ADVANCED INDUSTRY ACCELERATION PROGRAMS

- Summary of Fiscal Impact:
State Revenue (checkbox)
State Expenditure (checked)
State Transfer (checked)
TABOR Refund (checkbox)
Local Government (checkbox)
Statutory Public Entity (checkbox)

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

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The revised fiscal note reflects the reengrossed bill.

Table 1
State Fiscal Impacts Under SB 23-066

Table with 4 columns: Category, Budget Year FY 2023-24, Out Year FY 2024-25, Out Year FY 2025-26. Rows include Revenue, Expenditures (Cash Funds, Total Expenditures, Total FTE), Transfers (General Fund, Cash Funds, Net Transfer), and Other Budget Impacts (TABOR Refund).

* State expenditure and transfer impacts represent a continuation of current amounts and assumes the March 2023 Legislative Council Staff Forecast. Based on the Office of State Planning and Budgeting forecast, transfer amounts would be approximately \$7.0 million in FY 2023-24 and \$12.5 million in FY 2024-25.

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Advanced Industry Export Acceleration Program in the Office of Economic Development and International Trade (OEDIT) is repealed on January 1, 2025, and the Advanced Industry Acceleration Grant Program ends July 1, 2024.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 both programs by 10 years and the transfer requirement by two 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 through FY 2024-25, after which funding for the program will decrease when the transfer of income tax revenue from bioscience and clean technology wage withholding ends.

State Transfers

The bill continues two state transfers, totaling \$17.6 million in FY 2023-24 (impact for only the income tax transfer) and an estimated \$23.1 million in FY 2024-25 (impact for both income tax and gaming tax transfers). In subsequent years, the gaming tax transfer continued by the bill totals \$5.5 million annually.

Bioscience and clean technology income tax withholding. The bill continues for two years 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 in each of FY 2023-24 and FY 2024 25. The amount transferred fluctuates each year; this amount reflects

FY 2022-23 revenue, which is assumed to continue in subsequent years based on the March 2023 Legislative Council Staff forecast. Based on the Office of State Planning and Budgeting forecast, these transfer amounts would be \$7.0 million in each of FY 2023-24 and FY 2024-25.

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 and FY 2025-26. In subsequent years, the fiscal note assumes the program will continue at a lower funding level, as only the limited gaming funding will continue. 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