COLORADO BIOSCIENCE ASSOCIATION

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February 13, 2025

Colorado State Joint Budget Committee
200 E. 14th Avenue
Legislative Services Building, Third Floor
Denver, CO 80203

RE: Deep Concern Regarding the Proposed R8 Advanced Industries Transfers Reductions

Dear Members of the Joint Budget Committee,

As President & CEO of the Colorado BioScience Association, representing life sciences across the state, I write to express deep concern over the proposed R8 Advanced Industries Transfers Reductions.

While I recognize the need to address the state's budget shortfall and empathize with the difficult decisions you are facing, I urge you to seek alternative solutions that distribute budgetary adjustments with fairness and fiscal responsibility, prioritizing funding that sustains Colorado's economic growth, job creation, long-term competitiveness, and reputation as a leading state for innovation industries.

The proposed cuts unfairly target Colorado's Advanced Industries, which are critical drivers of innovation and economic growth. Under this proposal, Advanced Industries would absorb **$17.7 million—over 84% of the total $21 million in cash transfers** to the General Fund over the next two years.

Of this, $14.1 million comes directly from industry growth driven by hard-working innovators and leaders, mandated by statute as half of the bioscience and clean technology income tax withholding. Another $3.66 million disproportionately impacts bioscience by redirecting funds away from the $5.5 million in limited gaming revenue that is traditionally transferred from the General Fund to the Advanced Industries Acceleration Cash Fund, which is specifically dedicated to supporting bioscience.

While current grant obligations will be honored, these cuts would significantly reduce future grant awards. Based on recent grant cycles, this cut could result in 80 fewer grants for advanced industry companies across two fiscal years, putting an estimated $340 million in follow-on capital at risk. This would limit future investments, slow economic expansion, and stall the momentum of Colorado's research-intensive industries, threatening long-term economic growth.

The Advanced Industries Accelerator Grants have delivered exceptional returns, fueling the growth of Colorado's Advanced Industries. Since 2016, these programs have awarded $151 million in grants, attracting $2.9 billion in follow-on capital, supporting the formation of 124 companies, and creating over 5,000 high-paying jobs.

With **$19.2 generated for every $1 invested by the state**, these grants also lead to tax revenues that fund key state priorities like infrastructure, education, and public services. Cutting them risks greater long-term economic harm than any short-term budget relief they may provide.

I am concerned that these cuts are proposed to backfill a short-term cash flow gap caused by the expiration of one-time federal awards, rather than forming a sustainable, long-term budget strategy. These concerns are shared by the JBC staff in their February 10, 2025, working document: "Staff finds it interesting that now, as ARPA funds are rolling off, OEDIT is claiming that they need additional administration funding."

Addressing temporary budget shortfalls by weakening high-ROI programs risks undermining Colorado's economic stability and competitiveness for years to come.

The legislature has historically recognized the value of these programs, restoring funding through bipartisan efforts, including SB21-042, SB23-066, and HB24-1396. It is critical to continue this commitment to ensure Colorado remains a leader in life sciences and advanced industries.

Preserving Advanced Industries Accelerator Grant funding is an investment in Colorado's economic future.

Thank you for your consideration of alternative solutions that equitably distribute budget adjustments, protect Colorado's innovation economy, and sustain the long-term growth and competitiveness of our advanced industries. I welcome the opportunity to discuss this further.

Elyse Blazevich
President & CEO
Colorado BioScience Association