

# State Economic Development Director Sees Bright Future for Colorado

By Jon Pushkin



*Brian Vogt*

Looking at the Front Range from his office on the 17th floor of the World Trade Center building in downtown Denver, Brian Vogt is confident that the future is bright for bioscience in Colorado. The Director of the Colorado Office of Economic Development and International Trade, Vogt's optimism is based on a purpose driven, long-term strategic approach he calls intentional economic development.

*“We are on the right road. We have a lot of opportunity in front of us.”*

He knows that building a world class bioscience cluster takes perseverance, vision and leadership. The key is not to focus on today's problems, but to look at what is necessary for the state to succeed in the next decade and beyond.

To get there, he's developed a plan to produce an environment that nurtures innovation and fuels growth.

#### **Integration**

Government and regulatory agencies can often present multiple layers that combined, make things inefficient for business. The key to minimizing those layers is collaboration.

The state is implementing mechanisms to spur collaborations among bioscience entrepreneurs, venture capital, university faculty, business associations and service providers to make it easier to access and share all the resources the state can muster. It is a creative approach that Vogt believes can provide serious benefits to the bioscience community.

Local, state and regional economic development agencies already work together to stimulate international trade. Now Colorado is expanding that model through the Advance Colorado Center, created by Vogt's office and the University of Colorado at Denver to allow business associations and government

organizations to share resources in an environment that promotes convergence and collaboration.

Beyond these steps, Vogt is exploring some “out of the box” ideas to spur economic development. For example, what if bioscience entrepreneurs could leap over bureaucratic hurdles and work together with Colorado’s tourism industry to attract new early stage funding and lure new business to the state?

Entrepreneurs, like most people, fall in love with Colorado the first time they come here. Why not leverage the state’s natural beauty and lifestyle to create a unique brand using a coordinated communications program to tout the advantages of doing business here?

#### **Communication**

Vogt believes the best way to overcome challenges is by encouraging teamwork and embracing a long-term vision. The goal is to connect bioscience entrepreneurs around the state with every available resource to help them succeed — from venture capital to a talented workforce, to essential service providers.

A bi-monthly e-newsletter targeted at biosciences and emerging technologies, and the creation of a bioscience portal on the state Web site to serve as a primary conduit between entrepreneurs and service providers, are two communications tactics the state uses to facilitate networking and enhance the benefits of doing business in Colorado.

#### **Funding Economic Development**

While continuing to look at ways to attract out of state venture capital, Vogt does not overlook the importance of growing from within. Colorado is working on several legislative policy initiatives to help the state compete with other bioscience clusters. The new Colorado Venture Capital Authority directs \$50 million to startup companies in the next decade. Another bill would allow bioscience companies to sell their operating losses to profitable businesses that can apply those losses to their own tax situations.

#### **Vogt’s Vision**

By putting all the components into play, Vogt’s vision is a comprehensive, long-term strategy that he is actively selling to bioscience entrepreneurs. Making it

succeed depends on convincing them that Colorado’s economic future is in their hands. From Vogt’s vantage point, the future looks very, very bright. ♦

## COLORADO BUSINESS FINANCIAL ASSISTANCE OPTIONS

#### **VENTURE CAPITAL:**

The state of Colorado provides funding for two venture capital funding models — Certified Capital Companies and the Venture Capital Authority.

**Certified Capital Companies (CAPCOs):** The state has six Certified Capital Companies that make loans and provide equity to Colorado businesses. The CAPCOs are independently operated and generally make funding decisions. Minimum and maximum investments generally range from \$100,000 — \$3.3 million.

**Venture Capital Authority (VCA):** The state provides funding for a new venture capital program to provide seed and early-stage capital to businesses. The Venture Capital Authority fund manager will make nearly \$50 million in investments in Colorado businesses over the next ten years.

#### **BIOSCIENCE R&D STATE SALES TAX REFUND:**

Colorado bioscience companies can receive a refund of state sales and use taxes paid on the sale, storage, use or consumption of tangible personal property that is being used in Colorado directly or predominantly for research and development of biotechnology.

#### **MANUFACTURING EQUIPMENT EXEMPTION:**

Bioscience companies purchasing manufacturing equipment and machine tools that cost over \$500 are exempt from state sales and use tax on these purchases. The following items are also exempt from state sales and use taxes: component parts, fuels and electricity, ink and newsprint, aircraft parts used in general maintenance, interstate long distance telephone charges, farm equipment and machinery and packaging materials.

#### **ECONOMIC DEVELOPMENT COMMISSION (EDC):**

Business incentive funds are available for businesses that commit to meet certain job creation or retention requirements. Incentives vary based on a number of factors; however, requests generally range between \$1,000 and \$3,000 per each fulltime job created. The local community must also provide matching funds/incentives to the business.

#### **ENTERPRISE ZONE (EZ):**

A variety of tax benefits are provided for businesses expanding or locating new business facilities in economically distressed areas of the state (state designated enterprise zones).

#### **JOB TRAINING GRANT FUNDS:**

Through the Colorado FIRST Program (targeted to new jobs being created that need training) and the Existing Industry Program (targeted to existing jobs that need retraining for the business to remain competitive), the state has funds available to assist with employee training for specific businesses. Generally, up to \$800 per employee trained may be provided. Businesses must pay for a minimum of 40 percent of the total training costs.

#### **BUSINESS LOANS:**

The state has 15 Business Loan Funds that operate primarily in the rural areas of the state. The funds are locally driven, with each loan fund having its own local review committee and board of directors. Generally, the maximum loan size is \$250,000; however, this may vary based on the availability of capital and other factors. Businesses typically commit to meet certain job creation or retention requirements.

#### **INFRASTRUCTURE ASSISTANCE/GRANTS:**

The state has funds available to assist with constructing public infrastructure needed by a specific business, primarily in rural areas of the state. The state provides the funding to an eligible city or county. A business needs to commit to certain job creation or retention requirements. Generally, funding may be provided up to \$500,000; however, this amount may vary based on a number of factors.

#### **FEASIBILITY STUDY GRANTS:**

The state has funds available to assist with feasibility studies in rural areas. Funding goes to an eligible city or county; however, the study must be completed in conjunction with a specific business. The specific business needs to commit to certain job creation or retention requirements if the project is determined to be feasible and is implemented. Generally, funding may be provided up to \$20,000 per study. This amount may vary based on a number of factors.

For more information visit [www.AdvanceColorado.com](http://www.AdvanceColorado.com) or call the OEDIT at 303-892-3840.