

Second Regular Session
Seventy-second General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 20-0364.01 Esther van Mourik x4215

SENATE BILL 20-054

SENATE SPONSORSHIP

Coram,

HOUSE SPONSORSHIP

McLachlan,

Senate Committees

Agriculture & Natural Resources

House Committees

A BILL FOR AN ACT

101 CONCERNING THE CREATION OF THE RURAL DEVELOPMENT GRANT
102 PROGRAM.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The bill creates the rural development grant program to be administered by the Colorado office of economic development. The grants are to be awarded to early stage rural businesses that are primary employers in a rural area with the potential to export goods or services outside of the rural area or for the programmatic expenses of economic development organizations that help promote early stage rural businesses.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

1 PROSPER, AND CONTRIBUTE TO THE WHOLE, FROM WHICH ALL BENEFIT.

2 (2) THE GENERAL ASSEMBLY FURTHER FINDS THAT:

3 (a) ESTABLISHING A RURAL DEVELOPMENT GRANT PROGRAM FOR
4 EARLY STAGE RURAL BUSINESSES AND FOR THE PROGRAMMATIC EXPENSES
5 OF LOCAL ECONOMIC DEVELOPMENT ORGANIZATIONS WILL BRING ABOUT
6 THE ECONOMIC VITALITY SO CRITICALLY NEEDED IN RURAL AREAS OF THE
7 STATE; AND

8 (b) REQUIRING GRANT RECIPIENTS TO SECURE A CERTAIN PORTION
9 OF THE GRANT IN MATCHING FUNDS FROM NONGOVERNMENT SOURCES
10 WILL HELP STIMULATE PRIVATE SECTOR INVESTMENT WHICH WILL HELP
11 DRIVE INTEREST IN THE FEDERAL OPPORTUNITY ZONE PROGRAM
12 ESTABLISHED IN THE FEDERAL "TAX CUTS AND JOBS ACT", PUB.L. 115-97,
13 DESIGNED TO SPUR ECONOMIC DEVELOPMENT AND JOB CREATION IN
14 DISTRESSED COMMUNITIES BY PROVIDING TAX INCENTIVES TO INVESTORS,
15 AND IN THE STATE'S ENTERPRISE ZONE INVESTMENT TAX CREDIT.

16 **24-48.5-403. Definitions.** AS USED IN THIS PART 4, UNLESS THE
17 CONTEXT OTHERWISE REQUIRES:

18 (1) "COLORADO OFFICE OF ECONOMIC DEVELOPMENT" OR "OFFICE"
19 MEANS THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT CREATED IN
20 SECTION 24-48.5-101.

21 (2) "EARLY STAGE RURAL BUSINESS" MEANS A PRIMARY EMPLOYER
22 IN A RURAL AREA WITH THE POTENTIAL TO EXPORT GOODS OR SERVICES
23 OUTSIDE OF THE RURAL AREA THAT IS AT THE SEED STAGE OF CAPITAL
24 FINANCING AND THAT HAS RAISED LESS THAN A TOTAL OF FIVE HUNDRED
25 THOUSAND DOLLARS OF THIRD-PARTY CAPITAL.

26 (3) "ECONOMIC DEVELOPMENT ORGANIZATION" MEANS A
27 NONPROFIT ORGANIZATION OR GOVERNMENTAL ENTITY SUCH AS A SMALL

1 BUSINESS DEVELOPMENT CENTER, A SMALL BUSINESS RESOURCE CENTER,
2 A BUSINESS ACCELERATOR OR INCUBATOR, A WORKFORCE CENTER, A
3 LOCAL ECONOMIC DEVELOPER, OR OTHER SUCH ORGANIZATION OR ENTITY
4 THAT HELPS PROMOTE EARLY STAGE RURAL BUSINESSES, BUT DOES NOT
5 INCLUDE THE COLORADO ECONOMIC DEVELOPMENT COMMISSION CREATED
6 IN SECTION 24-46-102 OR THE COLORADO OFFICE OF ECONOMIC
7 DEVELOPMENT.

8 (4) "GUIDELINES" MEANS THE GUIDELINES FOR THE
9 ADMINISTRATION OF THE GRANT PROGRAM DESCRIBED IN SECTION
10 24-48.5-404 (4).

11 (5) "RURAL AREA" MEANS:

12 (a) A COUNTY IN THE STATE WITH A POPULATION OF FEWER THAN
13 SIXTY THOUSAND; OR

14 (b) A MUNICIPALITY IN THE STATE WITH A POPULATION OF FEWER
15 THAN TWENTY-FIVE THOUSAND IF THE MUNICIPALITY IS NOT CONTIGUOUS
16 WITH A MUNICIPALITY WITH A POPULATION OF TWENTY-FIVE THOUSAND
17 OR MORE.

18 (6) "RURAL DEVELOPMENT GRANT PROGRAM" OR "GRANT
19 PROGRAM" MEANS THE RURAL DEVELOPMENT GRANT PROGRAM CREATED
20 IN SECTION 24-48.5-404.

21 (7) "RURAL DEVELOPMENT GRANT PROGRAM CASH FUND" OR
22 "CASH FUND" MEANS THE RURAL DEVELOPMENT GRANT PROGRAM CASH
23 FUND CREATED IN SECTION 24-48.5-407.

24 **24-48.5-404. Rural development grant program - creation -**
25 **guidelines.** (1) THERE IS HEREBY CREATED IN THE COLORADO OFFICE OF
26 ECONOMIC DEVELOPMENT THE RURAL DEVELOPMENT GRANT PROGRAM TO
27 PROVIDE GRANTS TO ECONOMIC DEVELOPMENT ORGANIZATIONS AND TO

1 EARLY STAGE RURAL BUSINESSES.

2 (2) (a) EARLY STAGE RURAL BUSINESS GRANT RECIPIENTS MAY USE
3 THE MONEY RECEIVED THROUGH THE GRANT PROGRAM FOR DEVELOPING
4 PROTOTYPES, PROOF OF BUSINESS CONCEPTS, OR PROOF OF BUSINESS
5 MODELS.

6 (b) ECONOMIC DEVELOPMENT ORGANIZATION GRANT RECIPIENTS
7 MAY USE THE MONEY RECEIVED THROUGH THE GRANT PROGRAM FOR
8 PROGRAMMATIC EXPENSES.

9 (3) THE OFFICE SHALL ADMINISTER THE GRANT PROGRAM AND
10 SHALL AWARD GRANTS AS PROVIDED IN THIS PART 4. GRANTS SHALL BE
11 PAID OUT OF MONEY IN THE CASH FUND.

12 (4) (a) THE OFFICE SHALL IMPLEMENT THE GRANT PROGRAM IN
13 ACCORDANCE WITH THIS PART 4 AND SHALL DEVELOP GUIDELINES FOR THE
14 ADMINISTRATION OF THE GRANT PROGRAM, INCLUDING, BUT NOT LIMITED
15 TO:

16 (I) APPLICATION REQUIREMENTS;

17 (II) THE REVIEW PROCESS BY WHICH EARLY STAGE RURAL
18 BUSINESSES AND ECONOMIC DEVELOPMENT ORGANIZATIONS WILL BE
19 DETERMINED TO QUALIFY FOR THE GRANT PROGRAM; AND

20 (III) THE ESTABLISHMENT OF A COLLABORATIVE EFFORT WITH THE
21 DEPARTMENT OF LOCAL AFFAIRS TO ENSURE THAT ALL PROGRAMS THAT
22 MAY ASSIST THE EARLY STAGE RURAL BUSINESS AND LOCAL ECONOMIC
23 DEVELOPMENT ORGANIZATIONS ARE MADE KNOWN TO THE EARLY STAGE
24 RURAL BUSINESSES AND THE ECONOMIC DEVELOPMENT ORGANIZATIONS
25 AND ARE FULLY CONSIDERED.

26 (b) THE GUIDELINES MUST BE POSTED ON THE OFFICE'S WEBSITE NO
27 LATER THAN OCTOBER 1, 2020.

1 **24-48.5-405. Rural development grant program - application**

2 **- criteria - awards.** (1) (a) TO BE ELIGIBLE FOR A GRANT, AN EARLY
3 STAGE RURAL BUSINESS OR AN ECONOMIC DEVELOPMENT ORGANIZATION
4 SHALL:

5 (I) SECURE AT LEAST ONE-THIRD OF THE AMOUNT OF THE
6 REQUESTED GRANT IN MATCHING FUNDS FROM NONGOVERNMENTAL
7 SOURCES; AND

8 (II) SUBMIT AN APPLICATION TO THE OFFICE IN ACCORDANCE WITH
9 ITS GUIDELINES.

10 (b) THE EARLY STAGE RURAL BUSINESS' APPLICATION MUST
11 INCLUDE THE FOLLOWING INFORMATION:

12 (I) A BUSINESS PLAN;

13 (II) A BUSINESS MODEL;

14 (III) THE AMOUNT OF THE REQUESTED GRANT AND AN
15 EXPLANATION OF THE INTENDED USE OF THE GRANT AWARD;

16 (IV) THE NAMES OF KEY PERSONNEL, INCLUDING INVESTORS
17 HOLDING MORE THAN TEN PERCENT OF THE BUSINESS;

18 (V) INFORMATION REGARDING THE REQUIRED MATCHING FUNDS,
19 INCLUDING AN IDENTIFICATION OF THE SOURCES OF ALL MATCHING FUNDS;

20 AND

21 (VI) ANY OTHER INFORMATION REQUIRED BY THE OFFICE AS SET
22 FORTH IN ITS GUIDELINES.

23 (c) THE ECONOMIC DEVELOPMENT ORGANIZATION'S APPLICATION
24 MUST INCLUDE THE FOLLOWING INFORMATION:

25 (I) THE AMOUNT OF THE REQUESTED GRANT AND AN EXPLANATION
26 OF THE PROGRAMMATIC EXPENSES THAT WILL BE PAID FOR WITH THE
27 GRANT AWARD;

1 (II) THE NAMES OF KEY PERSONNEL OF THE ECONOMIC
2 DEVELOPMENT ORGANIZATION;

3 (III) INFORMATION REGARDING THE REQUIRED MATCHING FUNDS,
4 INCLUDING AN IDENTIFICATION OF THE SOURCES OF ALL MATCHING FUNDS;
5 AND

6 (IV) ANY OTHER INFORMATION REQUIRED BY THE OFFICE AS SET
7 FORTH IN ITS GUIDELINES.

8 (2) (a) GRANTS MAY NOT EXCEED ONE HUNDRED FIFTY THOUSAND
9 DOLLARS PER EARLY STAGE RURAL BUSINESS OR ECONOMIC DEVELOPMENT
10 ORGANIZATION PER YEAR.

11 (b) AN EARLY STAGE RURAL BUSINESS OR AN ECONOMIC
12 DEVELOPMENT ORGANIZATION MAY APPLY FOR A GRANT EVERY YEAR,
13 AND THE OFFICE MAY AWARD A GRANT TO A PREVIOUS GRANT RECIPIENT
14 SO LONG AS THE EARLY STAGE RURAL BUSINESS OR ECONOMIC
15 DEVELOPMENT ORGANIZATION PROVIDES DOCUMENTATION REGARDING ITS
16 SUCCESSFUL PROGRESS FROM THE PREVIOUS YEAR.

17 (3) THE OFFICE SHALL REVIEW THE APPLICATIONS RECEIVED
18 PURSUANT TO THIS PART 4 IN A RIGOROUS, COMPETITIVE, MULTI-STAGE
19 REVIEW PROCESS THAT MUST INCLUDE MULTIPLE STAKEHOLDERS.

20 (4) THE OFFICE SHALL AWARD GRANTS FROM THE CASH FUND ON
21 OR BEFORE DECEMBER 1 OF EACH YEAR. EACH GRANT AWARD MUST
22 INCLUDE ASSIGNED TARGETS FOR EACH AWARD RECIPIENT BASED ON ITS
23 APPLICATION. THE ASSIGNED TARGETS MUST PROVIDE SUCCESS
24 INDICATORS FOR THAT PARTICULAR EARLY STAGE RURAL BUSINESS OR
25 ECONOMIC DEVELOPMENT ORGANIZATION AND MUST BE RELEVANT FOR
26 OTHER SIMILAR BUSINESS PLANS, BUSINESS MODELS, OR ECONOMIC
27 DEVELOPMENT PLANS IN THE FUTURE.

1 (5) THE OFFICE SHALL ESTABLISH PROCESSES IN ITS GUIDELINES
2 FOR THE RECAPTURE OF ANY AWARDED GRANTS IF A GRANT RECIPIENT
3 DISSOLVES BEFORE THE GRANT MONEY CAN BE USED OR FOR ANY OTHER
4 REASON DEEMED REASONABLE BY THE OFFICE.

5 **24-48.5-406. Reporting requirements.** (1) (a) ON OR BEFORE
6 MARCH 15 AFTER THE FIRST GRANT AWARD AND ON OR BEFORE MARCH 15
7 FOR TWO ADDITIONAL YEARS THEREAFTER, EACH EARLY STAGE RURAL
8 BUSINESS OR ECONOMIC DEVELOPMENT ORGANIZATION THAT RECEIVES A
9 GRANT THROUGH THE GRANT PROGRAM SHALL SUBMIT A REPORT TO THE
10 OFFICE.

11 (b) FOR EARLY STAGE RURAL BUSINESSES, THE REPORT MUST
12 INCLUDE THE FOLLOWING INFORMATION:

- 13 (I) MILESTONE ACHIEVEMENTS;
- 14 (II) OPERATING METRICS INCLUDING REVENUE GROWTH, JOB
15 CREATION, AND RETENTION;
- 16 (III) THE CREATION OF PRODUCT OR SERVICE PROTOTYPES;
- 17 (IV) A DEMONSTRATION OF PRODUCT OR SERVICE MARKET FIT;
- 18 (V) THE RAISING OF ANY ADDITIONAL CAPITAL;
- 19 (VI) DETAILS REGARDING ANY PROPERTY ADVANCEMENTS;
- 20 (VII) DESCRIPTIONS OF ANY PRODUCT OR SERVICE LAUNCHES; AND
- 21 (VIII) ANY OTHER INFORMATION OR METRICS THAT THE OFFICE
22 REQUESTS IN ITS GUIDELINES.

23 (c) FOR ECONOMIC DEVELOPMENT ORGANIZATIONS, THE REPORT
24 MUST INCLUDE THE FOLLOWING INFORMATION:

- 25 (I) DETAILS OF PROGRAMS THAT WERE FUNDED THROUGH THE
26 GRANT AWARD; AND
- 27 (II) ANY OTHER INFORMATION OR METRICS THAT THE OFFICE

1 REQUESTS IN ITS GUIDELINES.

2 (2) NOTWITHSTANDING SECTION 24-1-136 (11)(a)(I), ON OR
3 BEFORE APRIL 15, 2021, AND ON OR BEFORE APRIL 15 EACH YEAR
4 THEREAFTER FOR THE DURATION OF THE GRANT PROGRAM, THE OFFICE
5 SHALL SUBMIT A SUMMARIZED REPORT TO THE FINANCE COMMITTEES OF
6 THE SENATE AND THE HOUSE OF REPRESENTATIVES, OR ANY SUCCESSOR
7 COMMITTEES, ON THE GRANT PROGRAM. AT A MINIMUM, THE REPORT MUST
8 INCLUDE:

9 (a) THE NAME, TYPE, AND PHYSICAL LOCATION OF EACH EARLY
10 STAGE RURAL BUSINESS OR ECONOMIC DEVELOPMENT ORGANIZATION
11 THAT RECEIVED A GRANT AWARD;

12 (b) THE SUCCESSES AND FAILURES OF EACH EARLY STAGE RURAL
13 BUSINESS OR ECONOMIC DEVELOPMENT ORGANIZATION; AND

14 (c) ANY OTHER ECONOMIC BENEFITS RESULTING FROM THE GRANT
15 PROGRAM.

16 **24-48.5-407. Rural development grant program cash fund -**
17 **creation.** (1) THE RURAL DEVELOPMENT GRANT PROGRAM CASH FUND IS
18 CREATED IN THE STATE TREASURY. THE CASH FUND CONSISTS OF:

19 (a) ANY GIFTS, GRANTS, OR DONATIONS CREDITED TO IT PURSUANT
20 TO SUBSECTION (2) OF THIS SECTION;

21 (b) TWO MILLION FIVE HUNDRED THOUSAND DOLLARS, WHICH THE
22 STATE TREASURER SHALL TRANSFER FROM THE GENERAL FUND TO THE
23 CASH FUND ON JULY 1, 2020; AND

24 (c) ANY OTHER MONEY THAT THE GENERAL ASSEMBLY
25 APPROPRIATES TO IT.

26 (2) THE OFFICE IS AUTHORIZED TO SEEK, ACCEPT, AND EXPEND
27 GIFTS, GRANTS, OR DONATIONS FROM PRIVATE OR PUBLIC SOURCES FOR

1 THE PURPOSES OF THE GRANT PROGRAM; EXCEPT THAT THE OFFICE MAY
2 NOT ACCEPT A GIFT, GRANT, OR DONATION THAT IS SUBJECT TO
3 CONDITIONS THAT ARE INCONSISTENT WITH THIS SECTION OR ANY OTHER
4 LAW OF THE STATE. THE OFFICE SHALL TRANSMIT ALL PRIVATE AND
5 PUBLIC MONEY RECEIVED THROUGH GIFTS, GRANTS, OR DONATIONS TO THE
6 STATE TREASURER, WHO SHALL CREDIT THE SAME TO THE CASH FUND.

7 (3) THE MONEY IN THE CASH FUND IS CONTINUOUSLY
8 APPROPRIATED TO THE OFFICE FOR THE PURPOSE OF AWARDING GRANTS
9 ALLOWED BY THIS SECTION AND FOR ITS ADMINISTRATIVE COSTS
10 ASSOCIATED WITH THE GRANT PROGRAM. THE OFFICE'S ADMINISTRATIVE
11 EXPENSES FOR THE GRANT PROGRAM IN A FISCAL YEAR SHALL NOT EXCEED
12 EIGHT PERCENT OF THE MONEY TRANSFERRED OR APPROPRIATED TO THE
13 CASH FUND IN THE FISCAL YEAR.

14 (4) AS PROVIDED BY LAW, THE STATE TREASURER MAY INVEST ANY
15 UNEXPENDED MONEY IN THE CASH FUND. ALL INTEREST AND INCOME
16 DERIVED FROM THE INVESTMENT AND DEPOSIT OF MONEY IN THE CASH
17 FUND ARE CREDITED TO THE CASH FUND. ANY UNEXPENDED AND
18 UNENCUMBERED MONEY REMAINING IN THE CASH FUND AT THE END OF A
19 FISCAL YEAR SHALL NOT BE CREDITED OR TRANSFERRED TO THE GENERAL
20 FUND OR ANOTHER FUND.

21 **24-48.5-408. Repeal of part.** THIS PART 4 IS REPEALED, EFFECTIVE
22 JULY 1, 2025.

23 **SECTION 2. Safety clause.** The general assembly hereby finds,
24 determines, and declares that this act is necessary for the immediate
25 preservation of the public peace, health, or safety.