

**Second Regular Session  
Seventy-second General Assembly  
STATE OF COLORADO**

**INTRODUCED**

LLS NO. 20-0077.01 Esther van Mourik x4215

**HOUSE BILL 20-1003**

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**A BILL FOR AN ACT**

101 **CONCERNING MODIFICATIONS TO THE RURAL JUMP-START ZONE ACT.**

**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:

- ! Extends the rural jump-start program for an additional 5 years;
- ! Changes the existing competition clause to specify that a new business applying for rural jump-start program benefits cannot compete with an existing business in the rural jump-start zone in which the business will be located or in any distressed county that is contiguous to the rural

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.

- ! jump-start zone; and
- ! Adds economic development organizations as authorized entities to apply to:
  - ! Form a rural jump-start zone; or
  - ! To allow a new business to participate in the rural jump-start program.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 39-30.5-103, **amend**  
 3 the introductory portion and (7)(d); and **add** (1.5) and (4.5) as follows:

4 **39-30.5-103. Definitions.** As used in this ~~article~~ ARTICLE 30.5,  
 5 unless the context otherwise requires:

6 (1.5) "COLORADO OFFICE OF ECONOMIC DEVELOPMENT" OR  
 7 "OFFICE" MEANS THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT  
 8 CREATED IN SECTION 24-48.5-101.

9 (4.5) "ECONOMIC DEVELOPMENT ORGANIZATION" MEANS A  
 10 NONPROFIT ORGANIZATION OR GOVERNMENTAL ENTITY SUCH AS A SMALL  
 11 BUSINESS DEVELOPMENT CENTER, A BUSINESS ACCELERATOR OR  
 12 INCUBATOR, A WORKFORCE CENTER, A LOCAL ECONOMIC DEVELOPER, OR  
 13 OTHER SUCH ORGANIZATION OR ENTITY THAT PROMOTES LOCAL ECONOMIC  
 14 DEVELOPMENT, BUT DOES NOT INCLUDE THE COMMISSION OR THE OFFICE.

15 (7) "New business" means a business that:

16 (d) Is not substantially similar in operation to and, AT THE TIME  
 17 THE NEW BUSINESS SUBMITS ITS APPLICATION TO PARTICIPATE IN THE  
 18 RURAL JUMP-START ZONE PROGRAM, does not directly compete with the  
 19 core function of a business that is operating in ~~the state at the time the~~  
 20 ~~new business submits its application to a state institution of higher~~  
 21 ~~education to participate in the rural jump-start zone program~~ THE RURAL  
 22 JUMP-START ZONE IN WHICH THE NEW BUSINESS WILL BE LOCATED AND IN

1 A DISTRESSED COUNTY CONTIGUOUS TO THE RURAL JUMP-START ZONE; and

2 **SECTION 2.** In Colorado Revised Statutes, 39-30.5-104, **amend**  
3 (1)(a) introductory portion, (1)(a)(III), (4), (5), (6)(a) introductory portion,  
4 (6)(a)(I), (6)(a)(III) introductory portion, (6)(a)(III)(B), (6)(b)  
5 introductory portion, (6)(b)(I), (7)(a), (7)(b)(I), (7)(b)(II), and (9); and  
6 **add** (4.5) as follows:

7 **39-30.5-104. Rural jump-start zone program requirements -**  
8 **commission guidelines - definitions.** (1) (a) The commission shall  
9 develop guidelines for the administration of the rural jump-start zone  
10 program created in this ~~article~~ ARTICLE 30.5, including, but not limited to:

11 (III) Guidelines concerning the process by which the commission  
12 will determine whether a new business is not substantially similar in  
13 operation to and does not directly compete with the core function of a  
14 business that is operating in the ~~state~~ RURAL JUMP-START ZONE IN WHICH  
15 THE NEW BUSINESS WILL BE LOCATED AND IN A DISTRESSED COUNTY  
16 CONTIGUOUS TO THE RURAL JUMP-START ZONE at the time the new  
17 business submits its application to a state institution of higher education  
18 OR AN ECONOMIC DEVELOPMENT ORGANIZATION to participate in the rural  
19 jump-start zone program.

20 (4) (a) A state institution of higher education OR AN ECONOMIC  
21 DEVELOPMENT ORGANIZATION intending to participate in the rural  
22 jump-start zone program shall adopt a conflict of interest policy. The  
23 conflict of interest policy must provide that:

24 (I) A representative of the state institution of higher education OR  
25 THE ECONOMIC DEVELOPMENT ORGANIZATION may not use the  
26 relationship between the state institution of higher education OR THE  
27 ECONOMIC DEVELOPMENT ORGANIZATION and the new business as a

1 means for inurement or private benefit to the representative of the state  
2 institution of higher education OR THE ECONOMIC DEVELOPMENT  
3 ORGANIZATION, any relative of such representative, or any business  
4 interests of such representative;

5 (II) A person who engages in the business of selling goods or  
6 services to a state institution of higher education OR TO AN ECONOMIC  
7 DEVELOPMENT ORGANIZATION, an employee of such person, or a person  
8 with a business interest in such person's business shall not vote on or  
9 participate in the administration by the state institution of higher  
10 education OR BY THE ECONOMIC DEVELOPMENT ORGANIZATION of any  
11 transaction with such business; and

12 (III) (A) Upon becoming aware of an actual or potential conflict  
13 of interest, a representative of the state institution of higher education OR  
14 THE ECONOMIC DEVELOPMENT ORGANIZATION shall advise the chief  
15 academic officers or executive director of the institution OR THE  
16 EXECUTIVE DIRECTOR OF THE ECONOMIC DEVELOPMENT ORGANIZATION  
17 of the conflict.

18 (B) Each state institution of higher education AND EACH  
19 ECONOMIC DEVELOPMENT ORGANIZATION shall maintain a written record  
20 of all disclosures made pursuant to ~~sub-subparagraph (A) of this~~  
21 ~~subparagraph (H)~~ SUBSECTION (4)(a)(III)(A) OF THIS SECTION.

22 (C) By January 31, 2016, and by January 31 of each year  
23 thereafter, a EACH state institution of higher education AND EACH  
24 ECONOMIC DEVELOPMENT ORGANIZATION shall provide the record  
25 maintained under ~~sub-subparagraph (B) of this subparagraph (H)~~  
26 SUBSECTION (4)(a)(III)(B) OF THIS SECTION to the commission.

27 (b) For the purposes of a conflict-of-interest policy developed

1 under ~~paragraph (a) of this subsection (4)~~ SUBSECTION (4)(a) OF THIS  
2 SECTION:

3 (I) "Business interest" means that a representative:  
4 (A) Owns or controls ten percent or more of the stock of the  
5 entity; or

6 (B) Serves as an officer, director, or partner of the entity.

7 (II) "Relative" means any person living in the same household as  
8 the representative of the state institution of higher education OR OF THE  
9 ECONOMIC DEVELOPMENT ORGANIZATION, any person who is a direct  
10 descendant of the representative's grandparents, or the spouse of such  
11 representative.

12 (III) "Representative of the state institution of higher education OR  
13 OF THE ECONOMIC DEVELOPMENT ORGANIZATION" means any employee  
14 with decision-making authority over the rural jump-start zone program.

15 (4.5) AN ECONOMIC DEVELOPMENT ORGANIZATION INTENDING TO  
16 PARTICIPATE IN THE RURAL JUMP-START ZONE PROGRAM MUST BE  
17 APPROVED BY THE COMMISSION AS ESTABLISHED IN THE COMMISSION'S  
18 GUIDELINES.

19 (5) A new business ~~shall~~ MUST apply to a state institution of  
20 higher education OR AN ECONOMIC DEVELOPMENT ORGANIZATION to  
21 participate in a rural jump-start zone program. The state institution of  
22 higher education OR ECONOMIC DEVELOPMENT ORGANIZATION shall  
23 require the new business to provide documentation that the new business  
24 meets the definition of new business as specified in section 39-30.5-103  
25 (7) and that the new hires will meet the definition of new hire as specified  
26 in section 39-30.5-103 (8). If the state institution of higher education OR  
27 ECONOMIC DEVELOPMENT ORGANIZATION approves the new business, then

1 the state institution of higher education OR ECONOMIC DEVELOPMENT  
2 ORGANIZATION shall apply to the commission for the approval of a rural  
3 jump-start zone as specified in subsection (6) of this section and approval  
4 of the new business for the rural jump-start zone program benefits as  
5 specified in subsection (7) of this section.

6 (6) (a) Upon approving a new business as specified in subsection  
7 (5) of this section, the state institution of higher education OR ECONOMIC  
8 DEVELOPMENT ORGANIZATION shall submit a complete written application  
9 for approval for a rural jump-start zone to the commission by the deadline  
10 established in the commission's guidelines. The application must include:

11 (I) EITHER THE identification of:

12 (A) The state institution of higher education and identification of  
13 either the distressed county in which a campus is located or the distressed  
14 county that is included in the community college's service area or the  
15 regional education provider's service area; OR

16 (B) THE ECONOMIC DEVELOPMENT ORGANIZATION AND  
17 IDENTIFICATION OF THE DISTRESSED COUNTY IN WHICH THE ORGANIZATION  
18 IS LOCATED OR SERVES;

19 (III) Satisfactory documentation that there exists a relationship  
20 between the new business and the state institution of higher education OR  
21 BETWEEN THE NEW BUSINESS AND THE ECONOMIC DEVELOPMENT  
22 ORGANIZATION. Such documentation must show that:

23 (B) The mission and activities of the new business align with or  
24 further EITHER the academic mission of the state institution of higher  
25 education OR THE MISSION OF THE ECONOMIC DEVELOPMENT  
26 ORGANIZATION.

27 (b) A state institution of higher education OR ECONOMIC

1 DEVELOPMENT ORGANIZATION may also submit a complete written  
2 application for approval for a rural jump-start zone to the commission by  
3 the deadlines established in the commission's guidelines when such state  
4 institution of higher education OR ECONOMIC DEVELOPMENT  
5 ORGANIZATION has not yet approved a new business as specified in  
6 subsection (5) of this section. In this case, the application must include:

7 (I) (A) Identification of the state institution of higher education  
8 and identification of either the distressed county in which a campus is  
9 located or the distressed county that is included in the community  
10 college's service area or the regional education provider's service area; OR

11 (B) IDENTIFICATION OF THE ECONOMIC DEVELOPMENT  
12 ORGANIZATION AND IDENTIFICATION OF THE DISTRESSED COUNTY IN  
13 WHICH THE ORGANIZATION IS LOCATED OR SERVES.

14 (7) (a) The commission shall, at a public meeting properly  
15 noticed, review each application for a rural jump-start zone submitted by  
16 a state institution of higher education OR AN ECONOMIC DEVELOPMENT  
17 ORGANIZATION. Based on the application submitted and the commission's  
18 guidelines, the commission may approve the rural jump-start zone and  
19 may approve the new business for the rural jump-start zone program  
20 benefits specified in section 39-30.5-105; except that the commission may  
21 not approve more than three rural jump-start zones for the 2016 calendar  
22 year and may not approve any rural jump-start zones or approve any new  
23 businesses for the rural jump-start zone program benefits on and after  
24 ~~January 1, 2021~~ JANUARY 1, 2026. The commission may only approve a  
25 new business for the rural jump-start zone program benefits if the  
26 commission is satisfied that the new business meets the definition of new  
27 business as specified in section 39-30.5-103 (7), that the new hires will

1 meet the definition of new hire as specified in section 39-30.5-103 (8),  
2 and that the new business will be located in the rural jump-start zone for  
3 which the state institution of higher education OR ECONOMIC  
4 DEVELOPMENT ORGANIZATION sought approval.

5 (b) (I) A new business that receives approval as specified in  
6 ~~paragraph (a) of this subsection (7)~~ SUBSECTION (7)(a) OF THIS SECTION  
7 for the rural jump-start zone program benefits must submit a request for  
8 the issuance of a credit certificate by the deadlines established in the  
9 commission's guidelines. The request must include an estimated amount,  
10 as calculated by the new business, of the income tax credits for the new  
11 business and any new hires and the sales and use tax refunds allowed in  
12 section 39-30.5-105 and an estimated amount, as calculated by the new  
13 business, of incentive payments, exemptions, or refunds provided by local  
14 governments as specified in section 39-30.5-106.

15 (II) The commission shall not issue more than a total of two  
16 hundred credit certificates in one income tax year for all new hires  
17 employed by all new businesses in each rural jump-start zone that receive  
18 approval as specified in ~~paragraph (a) of this subsection (7)~~ SUBSECTION  
19 (7)(a) OF THIS SECTION; except that the commission has the discretion to  
20 increase this limit to three hundred credit certificates if the new business  
21 is in one of the fourteen industries that the commission targets for  
22 economic development in the state.

23 (9) The Colorado office of economic development ~~created in~~  
24 ~~section 24-48.5-101, C.R.S.,~~ may make recommendations to the  
25 commission regarding any of the commission's duties and responsibilities  
26 outlined in this ~~article~~ ARTICLE 30.5, may provide staff assistance to the  
27 commission, and may assist the commission in administering the

1 provisions of this ~~article~~ ARTICLE 30.5.

2 **SECTION 3.** In Colorado Revised Statutes, 39-30.5-105, **amend**  
3 (1)(a), (2)(a), (3)(a), and (3)(b) as follows:

4 **39-30.5-105. Rural jump-start zone program benefits.** (1) **New**  
5 **business income tax credit.** (a) (I) If a new business locates in a rural  
6 jump-start zone during the income tax years commencing on or after  
7 January 1, 2016, but before ~~January 1, 2021~~ JANUARY 1, 2026, and the  
8 commission has approved the new business for the rural jump-start zone  
9 program benefits as specified in section 39-30.5-104 (7)(a), then except  
10 as provided in ~~subparagraph (II) of this paragraph (a)~~ SUBSECTION  
11 (1)(a)(II) OF THIS SECTION, the new business is entitled to receive an  
12 annual income tax credit in an amount equal to one hundred percent of  
13 the income taxes imposed by article 22 of this ~~title~~ TITLE 39 on the income  
14 derived from its activities in the rural jump-start zone for four consecutive  
15 income tax years beginning with the first income tax year designated by  
16 the commission in the first credit certificate. The commission shall  
17 conduct an annual review to verify that the new business continues to  
18 meet the requirements set forth in this ~~article~~ ARTICLE 30.5 and shall issue  
19 a credit certificate to the new business for every income tax year during  
20 the four-year period only if the commission is satisfied the requirements  
21 are being met.

22 (II) A new business may seek an extension of the four-year  
23 benefits period specified in ~~subparagraph (I) of this paragraph (a)~~  
24 SUBSECTION (1)(a)(I) OF THIS SECTION by completing a written application  
25 to the commission. The extension may not exceed an additional four  
26 years. The application for extension must include an explanation of the  
27 new business' need for the extension and any other information the

1 commission deems necessary. In deciding whether to grant the extension,  
2 the commission must consider the state of the economy in the rural  
3 jump-start zone, the estimated demand for tax credits allowed in this  
4 section for other new businesses, and the importance of these credits in  
5 incentivizing the new business. The extension application must be  
6 considered at a regularly scheduled meeting of the commission where the  
7 public is allowed to comment.

8 (2) **New hire income tax credit.** (a) (I) Except as provided in  
9 section 39-30.5-104 (7)(b)(II) and ~~subparagraph (H) of this paragraph (a)~~  
10 SUBSECTION (2)(a)(II) OF THIS SECTION, if a new hire is employed by a  
11 new business, and the commission has approved the new business for the  
12 rural jump-start zone program benefits as specified in section 39-30.5-104  
13 (7)(a), for income tax years commencing on or after January 1, 2016, but  
14 before ~~January 1, 2021~~ JANUARY 1, 2026, new hires are entitled to receive  
15 an income tax credit in an amount equal to one hundred percent of the  
16 income taxes imposed by article 22 of this ~~title~~ TITLE 39 on the new hire's  
17 wages paid by the new business for work performed in the rural  
18 jump-start zone for four consecutive income tax years beginning with the  
19 first income tax year in which the new hire is employed by the new  
20 business. The commission shall conduct an annual review to verify that  
21 the new hire and the new business continue to meet the requirements set  
22 forth in this ~~article~~ ARTICLE 30.5 and shall issue a credit certificate to the  
23 new business for each new hire for every income tax year during the  
24 four-year period only if the commission is satisfied the requirements are  
25 being met.

26 (II) A new business may seek an extension of the four-year  
27 benefits period specified in ~~subparagraph (I) of this paragraph (a)~~

1 SUBSECTION (2)(a)(I) OF THIS SECTION by completing a written application  
2 to the commission. The extension may not exceed an additional four  
3 years. The application for extension must include an explanation of the  
4 new business' need for the extension and any other information the  
5 commission deems necessary. In deciding whether to grant the extension,  
6 the commission must consider the state of the economy in the rural  
7 jump-start zone, the estimated demand for tax credits allowed in this  
8 section for other new businesses, and the importance of these credits in  
9 incentivizing the new business. The extension application must be  
10 considered at a regularly scheduled meeting of the commission where the  
11 public is allowed to comment.

12 (3) **New business sales and use tax refund.** (a) Each new  
13 business is eligible for a refund for all sales and use taxes imposed under  
14 parts 1 and 2 of article 26 of this ~~title~~ TITLE 39 on the purchase of all  
15 tangible personal property acquired by the new business and used  
16 exclusively within the rural jump-start zone. Except as provided in  
17 ~~paragraph (b) of this subsection (3)~~ SUBSECTION (3)(b) OF THIS SECTION,  
18 the new business is eligible for the refund allowed in this ~~paragraph (a)~~  
19 SUBSECTION (3)(a) for four consecutive years beginning with the date the  
20 commission approved the new business for the rural jump-start zone  
21 program benefits as specified in section 39-30.5-104 (7)(a).

22 (b) A new business may seek an extension of the four-year period  
23 specified in ~~paragraph (a) of this subsection (3)~~ SUBSECTION (3)(a) OF  
24 THIS SECTION by completing a written application to the commission. The  
25 extension may not exceed an additional four years. The application for  
26 extension must include an explanation of the new business' need for the  
27 extension and any other information the commission deems necessary. In

1 deciding whether to grant the extension, the commission must consider  
2 the state of the economy in the rural jump-start zone, the estimated  
3 demand for sales and use tax refunds allowed in this section for other new  
4 businesses, and the importance of the refund in incentivizing the new  
5 business. The extension application must be considered at a regularly  
6 scheduled meeting of the commission where the public is allowed to  
7 comment.

8 **SECTION 4.** In Colorado Revised Statutes, 39-30.5-107, **amend**  
9 (1) introductory portion and (1)(b) as follows:

10 **39-30.5-107. Rural jump-start zone reporting requirements.**

11 (1) The commission shall annually post on the Colorado office of  
12 economic development's website, and include in the commission's annual  
13 report required to be presented to the general assembly pursuant to section  
14 24-46-104 (2), ~~C.R.S.~~, the following information regarding any rural  
15 jump-start zone program benefits allowed under this ~~article~~ ARTICLE 30.5:

16 (b) The state institution of higher education OR ECONOMIC  
17 DEVELOPMENT ORGANIZATION that submitted the application;

18 **SECTION 5. Act subject to petition - effective date -**  
19 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following  
20 the expiration of the ninety-day period after final adjournment of the  
21 general assembly (August 5, 2020, if adjournment sine die is on May 6,  
22 2020); except that, if a referendum petition is filed pursuant to section 1  
23 (3) of article V of the state constitution against this act or an item, section,  
24 or part of this act within such period, then the act, item, section, or part  
25 will not take effect unless approved by the people at the general election  
26 to be held in November 2020 and, in such case, will take effect on the  
27 date of the official declaration of the vote thereon by the governor.

1           (2) This act applies to applications submitted on or after the  
2 applicable effective date of this act.