

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

REREVISED

*This Version Includes All Amendments
Adopted in the Second House*

LLS NO. 20-1314.01 Thomas Morris x4218

SENATE BILL 20-222

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Senate Committees

Finance
Appropriations

House Committees

Appropriations

HOUSE
3rd Reading Unamended
June 13, 2020

HOUSE
Amended 2nd Reading
June 12, 2020

A BILL FOR AN ACT

101 **CONCERNING A GRANT PROGRAM FOR SMALL BUSINESSES AFFECTED**
102 **BY ECONOMIC HARDSHIP CAUSED BY THE COVID-19 PANDEMIC**
103 **THAT IS FINANCED BY MONEY RECEIVED FROM THE FEDERAL**
104 **GOVERNMENT PURSUANT TO THE "CARES ACT", AND, IN**
105 **CONNECTION THEREWITH, MAKING AN APPROPRIATION.**

SENATE
3rd Reading Unamended
June 11, 2020

SENATE
Amended 2nd Reading
June 10, 2020

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 a small business COVID-19 grant program, financed by \$20 million from the federal money allocated to the state

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.

pursuant to the federal "Coronavirus Aid, Relief, and Economic Security Act", also referred to as the "CARES Act". The Colorado office of economic development will administer the grant program and the Colorado economic development commission will contract with the Colorado housing and finance authority (CHFA) to operate the grant program. CHFA will work with nonprofit or community-based lenders that will underwrite and distribute the grants to small businesses pursuant to the program.

To be eligible for a grant, a small business must have fewer than 25 employees and have been affected by economic hardship caused by the COVID-19 pandemic. A preference is given for a small business that did not qualify for or receive a paycheck protection program loan; is majority owned by veterans, women, or minorities; or is located in a rural area. \$5 million is earmarked, until October 1, 2020, for tourism businesses. The federal money must be spent by December 30, 2020. The office must submit reports on the grant program to the committees of the general assembly with jurisdiction over business affairs.

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

2 **SECTION 1.** In Colorado Revised Statutes, 29-4-708, **amend** (1)
3 introductory portion; and **add** (1)(bb) as follows:

4 **29-4-708. General powers of the authority - repeal.** (1) In
5 addition to any other powers granted to the authority in this part 7, the
6 authority ~~shall have~~ HAS the following powers:

7 (bb) (I) TO CONTRACT WITH THE COLORADO ECONOMIC
8 DEVELOPMENT COMMISSION CREATED IN SECTION 24-46-102 (2) FOR THE
9 OPERATION OF THE SMALL BUSINESS COVID-19 GRANT PROGRAM
10 ESTABLISHED IN SECTION 24-48.5-126 (3).

11 (II) THIS SUBSECTION (1)(bb) IS REPEALED, EFFECTIVE SEPTEMBER
12 1, 2022.

13 **SECTION 2.** In Colorado Revised Statutes, 24-46-104, **amend**
14 (1)(n) as follows:

15 **24-46-104. Powers and duties of commission - repeal.** (1) The
16 commission has the following powers and duties:

1 (n) To contract with the Colorado housing and finance authority,
2 created in part 7 of article 4 of title 29, ~~C.R.S.~~, for the operation of:

3 (I) A Colorado credit reserve program for the purpose of
4 increasing the availability of credit to small businesses in Colorado; AND

5 (II) (A) A SMALL BUSINESS COVID-19 GRANT PROGRAM
6 ESTABLISHED IN SECTION 24-48.5-126 (3).

7 (B) THIS SUBSECTION (1)(n)(II) IS REPEALED, EFFECTIVE
8 SEPTEMBER 1, 2022.

9 **SECTION 3.** In Colorado Revised Statutes, **add** 24-48.5-126 as
10 follows:

11 **24-48.5-126. Small business COVID-19 grant program -**
12 **legislative declaration - definitions - repeal. (1) Legislative**
13 **declaration.** THE GENERAL ASSEMBLY HEREBY:

14 (a) FINDS THAT:

15 (I) IN RESPONSE TO THE COVID-19 PANDEMIC THAT SPREAD TO
16 MANY STATES, INCLUDING COLORADO, IN FEBRUARY OF 2020, CONGRESS
17 ENACTED THE "CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY
18 ACT", PUB.L. 116-136, ALSO REFERRED TO AS THE "CARES ACT", TO
19 PROVIDE EMERGENCY ASSISTANCE TO STATE, LOCAL, AND TRIBAL
20 GOVERNMENTS;

21 (II) THE CARES ACT ESTABLISHED THE CORONAVIRUS RELIEF
22 FUND (CRF) AND APPROPRIATED ONE HUNDRED FIFTY BILLION DOLLARS
23 TO THE CRF FOR DISTRIBUTION, IN PART, TO THE STATES TO COVER COSTS
24 THAT:

25 (A) ARE NECESSARY EXPENDITURES INCURRED DUE TO THE PUBLIC
26 HEALTH EMERGENCY WITH RESPECT TO THE COVID-19 PANDEMIC;

27 (B) WERE NOT ACCOUNTED FOR IN THE BUDGET MOST RECENTLY

1 APPROVED AS OF MARCH 27, 2020, FOR THE STATE; AND

2 (C) WERE INCURRED DURING THE PERIOD THAT BEGINS ON MARCH
3 1, 2020, AND ENDS ON DECEMBER 30, 2020;

4 (III) APPROXIMATELY ONE BILLION SIX HUNDRED SEVENTY-FOUR
5 MILLION DOLLARS WAS TRANSFERRED FROM THE CRF TO COLORADO'S
6 STATE GOVERNMENT AND, IN HIS EXECUTIVE ORDER D 2020 070, DATED
7 MAY 18, 2020, THE GOVERNOR TRANSFERRED SEVENTY MILLION DOLLARS
8 OF THAT MONEY TO THE GENERAL FUND FOR DISBURSEMENT BY THE
9 GENERAL ASSEMBLY;

10 (IV) THE UNITED STATES DEPARTMENT OF THE TREASURY HAS
11 ISSUED GUIDANCE ON STATES' USE OF MONEY ALLOCATED FROM THE CRF,
12 INCLUDING THE "CORONAVIRUS RELIEF FUND FREQUENTLY ASKED
13 QUESTIONS" DOCUMENT ISSUED ON MAY 4, 2020, AND UPDATED ON MAY
14 28, 2020, IN WHICH THE DEPARTMENT INDICATED THAT "ELIGIBLE
15 EXPENDITURES MAY INCLUDE EXPENDITURES RELATED TO THE PROVISION
16 OF GRANTS TO SMALL BUSINESSES TO REIMBURSE THE COSTS OF BUSINESS
17 INTERRUPTION CAUSED BY REQUIRED CLOSURES. . . . A PROGRAM THAT IS
18 AIMED AT ASSISTING SMALL BUSINESSES WITH THE COSTS OF BUSINESS
19 INTERRUPTION CAUSED BY REQUIRED CLOSURES SHOULD BE TAILORED TO
20 ASSIST THOSE BUSINESSES IN NEED OF SUCH ASSISTANCE. THE AMOUNT OF
21 A GRANT TO A SMALL BUSINESS TO REIMBURSE THE COSTS OF BUSINESS
22 INTERRUPTION CAUSED BY REQUIRED CLOSURES WOULD ALSO BE AN
23 ELIGIBLE EXPENDITURE UNDER SECTION 601(d) OF THE SOCIAL SECURITY
24 ACT, AS OUTLINED IN THE GUIDANCE";

25 (b) DETERMINES THAT TO HELP REDUCE THE SPREAD OF
26 COVID-19 AND IN COMPLIANCE WITH STAY-AT-HOME AND
27 SAFER-AT-HOME EXECUTIVE AND PUBLIC HEALTH ORDERS, MANY

1 BUSINESSSES HAVE SHUT DOWN FOR EXTENDED PERIODS AND RESIDENTS
2 THROUGHOUT THE STATE HAVE REMAINED IN THEIR HOMES AND
3 EXPERIENCED A SIGNIFICANT DECLINE IN THEIR HOUSEHOLD INCOMES, ALL
4 OF WHICH HAS RESULTED IN ECONOMIC DISTRESS FOR MANY SMALL
5 BUSINESSSES; AND

6 (c) DECLARES THAT A GRANT PROGRAM THAT PROVIDES GRANTS
7 TO SMALL BUSINESSSES THAT FACE ECONOMIC HARDSHIP CAUSED BY THE
8 COVID-19 PANDEMIC, WHICH ASSISTANCE WAS NOT ACCOUNTED FOR IN
9 THE STATE'S BUDGET MOST RECENTLY APPROVED AS OF MARCH 27, 2020,
10 IS A NECESSARY EXPENDITURE TO ADDRESS THE PUBLIC HEALTH
11 EMERGENCY WITH RESPECT TO THE COVID-19 PANDEMIC.

12 (2) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT
13 OTHERWISE REQUIRES:

14 (a) "AUTHORITY" MEANS THE COLORADO HOUSING AND FINANCE
15 AUTHORITY CREATED IN PART 7 OF ARTICLE 4 OF TITLE 29.

16 (b) "CARES ACT" MEANS THE FEDERAL "CORONAVIRUS AID,
17 RELIEF, AND ECONOMIC SECURITY ACT", PUB.L. 116-136, AS AMENDED.

18 (c) "COMMISSION" MEANS THE COLORADO ECONOMIC
19 DEVELOPMENT COMMISSION CREATED IN SECTION 24-46-102 (2).

20 (d) "COVID-19" MEANS THE CORONAVIRUS DISEASE CAUSED BY
21 THE SEVERE ACUTE RESPIRATORY SYNDROME CORONAVIRUS 2, ALSO
22 KNOWN AS SARS-CoV-2.

23 (e) "GRANTOR" MEANS A NONPROFIT OR COMMUNITY-BASED
24 LENDER, APPROVED BY THE AUTHORITY, THAT UNDERWRITES AND
25 DISTRIBUTES A GRANT TO A SMALL BUSINESS PURSUANT TO THE PROGRAM.

26 (f) "OFFICE" MEANS THE COLORADO OFFICE OF ECONOMIC
27 DEVELOPMENT CREATED IN SECTION 24-48.5-101.

1 (g) "PROGRAM" MEANS THE SMALL BUSINESS COVID-19 GRANT
2 PROGRAM ESTABLISHED IN SUBSECTION (3) OF THIS SECTION.

3 (h) "RURAL AREA" MEANS:

4 (I) A COUNTY WITH A POPULATION OF LESS THAN FIFTY THOUSAND
5 PEOPLE, ACCORDING TO THE MOST RECENTLY AVAILABLE POPULATION
6 STATISTICS OF THE UNITED STATES BUREAU OF THE CENSUS;

7 (II) A MUNICIPALITY WITH A POPULATION OF LESS THAN FIFTY
8 THOUSAND PEOPLE, ACCORDING TO THE MOST RECENTLY AVAILABLE
9 POPULATION STATISTICS OF THE UNITED STATES BUREAU OF THE CENSUS,
10 THAT IS LOCATED TEN MILES OR MORE FROM A MUNICIPALITY WITH A
11 POPULATION OF MORE THAN FIFTY THOUSAND PEOPLE; OR

12 (III) THE UNINCORPORATED PART OF A COUNTY LOCATED TEN
13 MILES OR MORE FROM A MUNICIPALITY WITH A POPULATION OF MORE THAN
14 FIFTY THOUSAND PEOPLE, ACCORDING TO THE MOST RECENTLY AVAILABLE
15 POPULATION STATISTICS OF THE UNITED STATES BUREAU OF THE CENSUS.

16 (i) "SMALL BUSINESS" MEANS A PERSON THAT:

17 (I) IS A FOR-PROFIT SOLE PROPRIETORSHIP OR FOR-PROFIT
18 DOMESTIC ENTITY, AS THAT TERM IS DEFINED IN SECTION 7-90-102 (13),
19 OR A NONPROFIT CORPORATION OR OTHER ORGANIZATION TYPE SPECIFIED
20 BY THE OFFICE AND THE AUTHORITY AND AS PERMITTED UNDER SECTION
21 601 (d) OF THE FEDERAL "SOCIAL SECURITY ACT", AS AMENDED, AS
22 ADDED BY SECTION 5001 OF THE CARES ACT;

23 (II) HAS FEWER THAN TWENTY-FIVE EMPLOYEES, MEASURED AS
24 FULL-TIME EQUIVALENTS; EXCEPT THAT AN EMPLOYER THAT MEETS THE
25 CRITERIA SPECIFIED IN 29 U.S.C. SEC. 213 (a)(3) MAY USE ITS OFF-SEASON
26 EMPLOYEE COUNT FOR THE PURPOSES OF THIS SUBSECTION (2)(i)(II); AND

27 (III) HAS BEEN AFFECTED BY ECONOMIC HARDSHIP CAUSED BY THE

1 COVID-19 PANDEMIC, INCLUDING BY INTERRUPTION CAUSED BY
2 REQUIRED BUSINESS CLOSURES, VOLUNTARY CLOSURES TO PROMOTE
3 SOCIAL DISTANCING MEASURES, OR DECREASED CUSTOMER DEMAND AS A
4 RESULT OF THE COVID-19 PUBLIC HEALTH EMERGENCY.

5 (3) **Grant program.** (a) THE OFFICE SHALL ESTABLISH AND
6 ADMINISTER THE FINANCING OF A SMALL BUSINESS COVID-19 GRANT
7 PROGRAM TO ASSIST SMALL BUSINESSES FACING ECONOMIC HARDSHIP
8 CAUSED BY THE COVID-19 PANDEMIC, AS PERMITTED UNDER THE CARES
9 ACT. THE COMMISSION SHALL CONTRACT WITH THE AUTHORITY TO
10 OPERATE THE PROGRAM. THE CONTRACT MUST REQUIRE COMPLIANCE
11 WITH THIS SECTION AND THE CRITERIA ESTABLISHED PURSUANT TO THIS
12 SECTION BY THE AUTHORITY AND EACH GRANTOR THAT IS AUTHORIZED TO
13 AWARD GRANTS. UNDER THE CONTRACT, THE OFFICE MAY ADVANCE
14 MONEY TO THE AUTHORITY IN PREPARATION FOR ISSUING GRANTS AND
15 ADMINISTERING THE GRANT PROGRAM. THE AUTHORITY SHALL LEVERAGE
16 ITS RELATIONSHIPS WITH GRANTORS TO DISTRIBUTE THE GRANTS TO
17 ELIGIBLE SMALL BUSINESSES.

18 (b) TO RECEIVE A GRANT PURSUANT TO THE PROGRAM, A SMALL
19 BUSINESS MUST APPLY TO A GRANTOR IN A MANNER DETERMINED BY THE
20 AUTHORITY. THE APPLICATION MUST SPECIFY THE PROPOSED USE OF THE
21 GRANT, WHICH MUST RELATE TO RESPONDING TO OR RECOVERING FROM
22 THE IMPACTS OF THE COVID-19 PANDEMIC, AND REQUIRE REPORTING BY
23 THE SMALL BUSINESS REGARDING THE ACTUAL USE OF THE GRANT AWARD.
24 A SMALL BUSINESS SHALL NOT USE A GRANT FOR LOBBYING, AS THAT
25 TERM IS DEFINED IN SECTION 24-6-301 (3.5). EACH INDIVIDUAL GRANT
26 AWARD MUST NOT EXCEED FIFTEEN THOUSAND DOLLARS.

27 (c) THE OFFICE SHALL ESTABLISH AND PUBLICIZE CRITERIA THAT

1 A GRANTOR SHALL USE IN AWARDING GRANTS. THE CRITERIA MUST
2 SPECIFY WHEN A GRANT IS NECESSARY TO RESPOND TO THE COVID-19
3 PANDEMIC AND THEREFORE MAY BE AWARDED IN THE ABSENCE OF A
4 STAY-AT-HOME ORDER.

5 (d) (I) IN AWARDING GRANTS, THE GRANTOR SHALL GIVE A
6 PREFERENCE TO A SMALL BUSINESS THAT:

7 (A) DID NOT QUALIFY FOR OR RECEIVE A LOAN PURSUANT TO THE
8 FEDERAL "PAYCHECK PROTECTION PROGRAM AND HEALTH CARE
9 ENHANCEMENT ACT", PUB.L. 116-139, AS AMENDED;

10 (B) IS MAJORITY OWNED BY VETERANS, WOMEN, OR MINORITIES;
11 OR

12 (C) IS LOCATED IN A RURAL AREA.

13 (II) A GRANTOR IS NOT REQUIRED TO AWARD A GRANT TO A SMALL
14 BUSINESS THAT QUALIFIES FOR A PREFERENCE.

15 (4) **Financing.** (a) THE SMALL BUSINESS COVID-19 GRANT
16 PROGRAM IS FINANCED BY TWENTY MILLION DOLLARS APPROPRIATED
17 FROM THE CARE SUBFUND IN THE GENERAL FUND. THE OFFICE MAY
18 EXPEND THE MONEY SPECIFIED IN THIS SUBSECTION (4) ONLY FOR:

19 (I) MAKING GRANTS THROUGH THE AUTHORITY TO SMALL
20 BUSINESSES PURSUANT TO THE PROGRAM;

21 (II) THE OFFICE'S AND THE AUTHORITY'S COSTS OF ADMINISTERING
22 THE PROGRAM, WHICH EXPENDITURES MUST NOT EXCEED SIXTH-TENTHS
23 OF ONE PERCENT OF THE MONEY SPECIFIED IN THIS SUBSECTION (4); AND

24 (III) AN ALLOWANCE OF UP TO THREE PERCENT OF EACH
25 INDIVIDUAL GRANT TO BE USED BY THE GRANTOR FOR ITS COSTS IN
26 DISTRIBUTING THE GRANT.

27 (b) (I) UNTIL OCTOBER 1, 2020, FIVE MILLION DOLLARS OF THE

1 MONEY SPECIFIED IN SUBSECTION (4)(a) OF THIS SECTION IS RESERVED FOR
2 SMALL BUSINESSES WITHIN THE TOURISM SECTOR, INCLUDING THE
3 FOLLOWING SECTORS:

- 4 (A) THE HOTEL, MOTEL, AND LODGING INDUSTRY;
- 5 (B) THE FOOD, BEVERAGE, AND RESTAURANT INDUSTRY;
- 6 (C) THE SKI INDUSTRY;
- 7 (D) PRIVATE TRAVEL ATTRACTIONS AND CASINOS;
- 8 (E) OTHER OUTDOOR RECREATION INDUSTRIES;
- 9 (F) TOURISM-RELATED TRANSPORTATION INDUSTRIES;
- 10 (G) THE TOURISM-RELATED RETAIL INDUSTRY;
- 11 (H) THE DESTINATION MARKETING INDUSTRY; AND
- 12 (I) CULTURAL EVENT AND FACILITY GROUPS.

13 (II) ON AND AFTER OCTOBER 1, 2020, ALL OF THE REMAINING
14 MONEY SPECIFIED IN SUBSECTION (4)(a) OF THIS SECTION IS AVAILABLE
15 FOR ANY QUALIFYING SMALL BUSINESS.

16 (c) THE OFFICE **MUST** EXPEND ALL MONEY SPECIFIED IN THIS
17 SUBSECTION (4) BY DECEMBER 30, 2020.

18 (5) **Reporting.** THE OFFICE SHALL SUBMIT THE FOLLOWING
19 REPORTS TO THE COMMITTEES OF THE GENERAL ASSEMBLY WITH
20 JURISDICTION OVER BUSINESS AFFAIRS:

21 (a) BY JULY 1, 2020, REGARDING THE CRITERIA THAT THE OFFICE
22 HAS ESTABLISHED FOR THE AWARD OF GRANTS; AND

23 (b) BY APRIL 1, 2021, REGARDING THE NUMBER OF GRANTS
24 AWARDED, THE AMOUNT OF EACH GRANT, THE RECIPIENT OF EACH GRANT,
25 AND HOW THE RECIPIENT SPENT THE GRANT.

26 (6) **Repeal.** THIS SECTION IS REPEALED, EFFECTIVE SEPTEMBER 1,
27 2022.

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SECTION 4. Appropriation. For the period from the effective date of this section through December 30, 2020, \$20,000,000 is appropriated to the Colorado office of economic development. This appropriation is from the care subfund in the general fund. To implement this act, the Colorado office of economic development may use this appropriation for the administration of the small business COVID-19 grant program.

SECTION 5. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety.