

**First Regular Session
Seventy-third General Assembly
STATE OF COLORADO**

INTRODUCED

LLS NO. 21-0734.01 Sarah Lozano x3858

HOUSE BILL 21-1215

HOUSE SPONSORSHIP

Holtorf,

SENATE SPONSORSHIP

Hisey,

House Committees
Judiciary

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE EXPANSION OF THE JUSTICE REINVESTMENT CRIME**
102 **PREVENTION INITIATIVE, AND, IN CONNECTION THEREWITH, THE**
103 **CREATION OF A SMALL BUSINESS GRANT PROGRAM FOR**
104 **FORMERLY INCARCERATED PERSONS.**

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 justice reinvestment crime prevention initiative (initiative), administered by the Colorado department of local affairs in the division of local government (department), incorporates programs that expand

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.

small business lending and provide grants aimed at reducing crime and promoting community development in certain target communities. Effective October 1, 2021, the bill:

- Expands the initiative to a statewide program; and
- Adds a small business grant program for formerly incarcerated persons (program) to the initiative.

The bill requires the department to work with the Colorado department of corrections and the Colorado office of economic development in developing and implementing the program. The program shall include:

- A training program in business, finance, and entrepreneurship for formerly incarcerated persons;
- A small business grant for formerly incarcerated persons who have completed the training program and are selected by the department through a rigorous application process; and
- An ongoing consulting program in business, finance, and entrepreneurship for the selected grant recipients.

Selected grant recipients are eligible for the consulting program for at least one year from selection. The grants are funded from the general fund and are limited to no more than \$50,000 per selected grant recipient per year.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 hereby finds and declares that:

4 (a) The justice reinvestment crime prevention initiative has made
5 significant improvements in the target communities of north Aurora and
6 southeast Colorado Springs through its initiatives that expand small
7 business lending and provide grants aimed at reducing crime and
8 promoting community development; and

9 (b) As Colorado is experiencing increased economic downturn in
10 the wake of the COVID-19 pandemic, it is important that small
11 businesses and individuals in all sectors of the state have the chance to
12 improve, prosper, and be positively affected by the initiative's programs.

13 (2) The general assembly further finds and declares that:

1 (a) Formerly incarcerated persons, despite seeking employment at
2 rates higher than the general population, are half as likely to gain
3 employment because of their previous incarceration and have
4 unemployment rates at five times the national average;

5 (b) These circumstances place many formerly incarcerated persons
6 in a cycle of recidivism that places a significant burden on the formerly
7 incarcerated person, the formerly incarcerated person's family and
8 community, and the state;

9 (c) A program that offers training, grants, and ongoing business
10 consulting would provide an escape from the cycle of recidivism to many
11 formerly incarcerated persons who are eager to start their own business
12 and enter the job market; and

13 (d) Formerly incarcerated persons who successfully complete the
14 program would be able to provide valuable services, goods, and jobs to
15 their communities and the state.

16 **SECTION 2.** In Colorado Revised Statutes, 24-32-120, **amend**
17 (1)(a), (1)(b) introductory portion, (1)(b)(III), (2)(a), (2)(b), (2)(c)(I),
18 (2)(c)(II), and (3); and **add** (2.5) as follows:

19 **24-32-120. Justice reinvestment crime prevention initiative -**
20 **program - rules - cash funds - reports - definition - repeal.** (1) (a) The
21 division of local government shall administer the justice reinvestment
22 crime prevention initiative to expand small business lending, and provide
23 grants aimed at reducing crime and promoting community development
24 in the target communities of north Aurora and southeast Colorado
25 Springs. ON AND AFTER OCTOBER 1, 2021, THE JUSTICE REINVESTMENT
26 CRIME PREVENTION INITIATIVE SHALL BE A STATEWIDE PROGRAM AND THE
27 DIVISION SHALL ADMINISTER, DEVELOP, AND IMPLEMENT AN ADDITIONAL

1 STATEWIDE SMALL BUSINESS GRANT PROGRAM FOR FORMERLY
2 INCARCERATED PERSONS.

3 (b) Subject to available appropriations, on and after August 10,
4 2017, the division shall develop and implement an initiative in
5 accordance with policies developed by the executive director specifically
6 designed to expand small business lending in the target communities
7 described in this subsection (1). ~~An initiative~~ SUBJECT TO AVAILABLE
8 APPROPRIATIONS, ON AND AFTER OCTOBER 1, 2021, THE DIVISION SHALL
9 DEVELOP AND IMPLEMENT AN INITIATIVE IN ACCORDANCE WITH POLICIES
10 DEVELOPED BY THE EXECUTIVE DIRECTOR SPECIFICALLY DESIGNED TO
11 EXPAND SMALL BUSINESS LENDING IN THE ENTIRE STATE OUTSIDE OF THE
12 TARGET COMMUNITIES. INITIATIVES developed and implemented pursuant
13 to subsection (1)(a) of this section shall include, but need not be limited
14 to, the following components:

15 (III) The division may retain up to fifteen percent of funding
16 received for small business lending in a loan loss reserve fund if it
17 believes that such reserve fund would incentivize additional lenders to
18 expand small business lending in the two target communities. THE
19 DIVISION MAY ALSO RETAIN UP TO FIFTEEN PERCENT OF FUNDING RECEIVED
20 FOR SMALL BUSINESS LENDING IN A LOAN LOSS RESERVE FUND IF IT
21 BELIEVES THAT SUCH RESERVE FUND WOULD INCENTIVIZE ADDITIONAL
22 LENDERS TO EXPAND SMALL BUSINESS LENDING IN THE ENTIRE STATE.

23 (2)(a) Subject to available appropriations, on and after August 10,
24 2017, the division shall develop and implement a grant program to
25 provide funding to eligible entities for programs, projects, or direct
26 services aimed at reducing crime in the target communities described in
27 subsection (1) of this section. SUBJECT TO AVAILABLE APPROPRIATIONS,

1 ON AND AFTER OCTOBER 1, 2021, THE DIVISION SHALL ALSO DEVELOP AND
2 IMPLEMENT A GRANT PROGRAM TO PROVIDE FUNDING TO ELIGIBLE
3 ENTITIES FOR PROGRAMS, PROJECTS, OR DIRECT SERVICES AIMED AT
4 REDUCING CRIME IN THE STATE. The division shall administer the grant
5 ~~program~~ PROGRAMS in accordance with policies developed by the
6 executive director that include, but are not limited to, the specifics in
7 subsection (2)(b) of this section.

8 (b) On or before September 10, 2017, the executive director shall
9 issue a request for participation and select a community foundation or
10 foundations to manage the grant program. To be eligible, the community
11 foundation must be registered in the state of Colorado and have a history
12 of grant-making in the target community in areas consistent with the
13 permissible uses of funding described in subsection (2)(e) of this section.
14 The division may select one community foundation to serve both target
15 communities or may select one community foundation for each target
16 community. UNLESS A PREVIOUSLY SELECTED COMMUNITY FOUNDATION
17 IS CAPABLE OF SERVING THE ENTIRE STATE, ON OR BEFORE OCTOBER 1,
18 2021, THE DIVISION SHALL ALSO ISSUE A REQUEST FOR PARTICIPATION AND
19 SELECT ONE OR MORE COMMUNITY FOUNDATIONS TO SERVE PORTIONS OF
20 THE STATE OUTSIDE OF THE TARGET COMMUNITIES.

21 (c) The division shall execute a written agreement with the
22 selected community foundation or community foundations that outlines
23 the roles and responsibilities of the community foundation. The roles and
24 responsibilities must include:

25 (I) Developing a nomination process and governance policy for
26 the local crime prevention planning team, subject to approval by the
27 appropriate city council. The community foundation shall ensure that the

1 proposed local planning team members represent a diverse cross-section
2 with expertise in areas like education, business, youth, families, nonprofit
3 direct service, law enforcement, local government, community, and
4 residents of the target communities, including those that have been
5 directly impacted by crime and involvement in the criminal justice
6 system. SUBJECT TO THE REQUIREMENTS OF THIS SUBSECTION (2)(c)(I),
7 THE DIVISION SHALL DEVELOP A NOMINATION PROCESS AND GOVERNANCE
8 POLICY FOR ANY LOCAL CRIME PREVENTION PLANNING TEAM OUTSIDE OF
9 THE TARGET COMMUNITIES, SUBJECT TO THE APPROVAL OF THE
10 APPROPRIATE CITY COUNCIL OR OTHER GOVERNING BODY.

11 (II) Providing facilitation to the local crime prevention planning
12 team in ~~both Aurora, and Colorado Springs~~, COLORADO SPRINGS, OR
13 OTHER PARTS OF THE STATE;

14 (2.5) (a) AS USED IN THIS SUBSECTION (2.5), UNLESS THE CONTEXT
15 OTHERWISE REQUIRES, "FORMERLY INCARCERATED PERSON" MEANS A
16 PERSON WITH NO PENDING CRIMINAL CHARGES THAT WAS PREVIOUSLY IN
17 CORRECTIONAL FACILITIES UNDER THE CONTROL OF THE COLORADO
18 DEPARTMENT OF CORRECTIONS.

19 (b) SUBJECT TO AVAILABLE APPROPRIATIONS, ON AND AFTER
20 OCTOBER 1, 2021, THE DIVISION SHALL ADMINISTER A STATEWIDE
21 PROGRAM TO PROVIDE BUSINESS AND ENTREPRENEURSHIP TRAINING,
22 GRANTS, AND BUSINESS CONSULTING TO FORMERLY INCARCERATED
23 PERSONS. THE DIVISION SHALL COLLABORATE WITH THE COLORADO
24 DEPARTMENT OF CORRECTIONS AND THE COLORADO OFFICE OF ECONOMIC
25 DEVELOPMENT IN DEVELOPING AND IMPLEMENTING THE PROGRAM, WHICH
26 AT A MINIMUM SHALL INCLUDE:

27 (I) A COMPREHENSIVE TRAINING PROGRAM IN BUSINESS, FINANCE,

1 AND ENTREPRENEURSHIP FOR FORMERLY INCARCERATED PERSONS,
2 INCLUDING SPECIFIC TRAINING IN DEVELOPING A BUSINESS PLAN AND
3 BUSINESS MODEL;

4 (II) AN APPLICATION AND REVIEW PROCESS, SUBJECT TO THE
5 REQUIREMENTS IN SUBSECTION (1)(c) OF THIS SECTION, BY WHICH THOSE
6 FORMERLY INCARCERATED PERSONS WHO SUCCESSFULLY COMPLETE THE
7 TRAINING PROGRAM SET OUT IN SUBSECTION (2.5)(b)(I) OF THIS SECTION
8 WILL BE DETERMINED TO QUALIFY FOR A SMALL BUSINESS GRANT, SUBJECT
9 TO THE REQUIREMENTS IN SUBSECTION (1)(c) OF THIS SECTION; AND

10 (III) AN ONGOING CONSULTING PROGRAM IN BUSINESS, FINANCE,
11 AND ENTREPRENEURSHIP FOR THE SELECTED SMALL BUSINESS GRANT
12 RECIPIENTS SPECIFICALLY DESIGNED FOR LONG-TERM BUSINESS SUCCESS
13 AND TO LOWER THE RISK OF RECIDIVISM.

14 (c) A FORMERLY INCARCERATED PERSON WHO HAS COMPLETED
15 THE TRAINING PROGRAM SET OUT IN SUBSECTION (2.5)(b)(I) OF THIS
16 SECTION MAY APPLY FOR A SMALL BUSINESS GRANT. SMALL BUSINESS
17 GRANTS MAY NOT EXCEED FIFTY THOUSAND DOLLARS PER FORMERLY
18 INCARCERATED PERSON PER YEAR. TO BE ELIGIBLE FOR A SMALL BUSINESS
19 GRANT, A FORMERLY INCARCERATED PERSON SHALL SECURE AT LEAST
20 ONE-THIRD OF THE AMOUNT OF THE REQUESTED GRANT IN MATCHING
21 FUNDS FROM A NONGOVERNMENTAL SOURCE. A FORMERLY
22 INCARCERATED PERSON'S APPLICATION MUST INCLUDE THE FOLLOWING
23 INFORMATION:

24 (I) A BUSINESS PLAN;

25 (II) A BUSINESS MODEL;

26 (III) THE AMOUNT OF THE REQUESTED GRANT AND AN
27 EXPLANATION OF THE INTENDED USE OF THE GRANT AWARD;

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

3 (V) PROOF OF COMPLETION OF THE TRAINING PROGRAM SET OUT
4 IN SUBSECTION (2.5)(b)(I) OF THIS SECTION;

5 (VI) INFORMATION REGARDING THE REQUIRED MATCHING FUNDS,
6 INCLUDING AN IDENTIFICATION OF THE SOURCES OF ALL MATCHING FUNDS;
7 AND

8 (VII) ANY OTHER INFORMATION REQUIRED BY THE DIVISION.

9 (d) A FORMERLY INCARCERATED PERSON MAY APPLY FOR A SMALL
10 BUSINESS GRANT EVERY YEAR FOR UP TO FIVE YEARS, AND THE DIVISION
11 MAY AWARD A GRANT TO A PREVIOUS GRANT RECIPIENT SO LONG AS THE
12 FORMERLY INCARCERATED PERSON PROVIDES DOCUMENTATION,
13 INCLUDING A CASH FLOW ANALYSIS, DEMONSTRATING SUCCESSFUL
14 PROGRESS FROM THE PREVIOUS YEAR AND THE STRONG POTENTIAL FOR
15 CONTINUED PROGRESS AND FUTURE INDEPENDENCE FROM THE PROGRAM.

16 (e) THE DIVISION SHALL REVIEW THE APPLICATIONS RECEIVED
17 PURSUANT TO SUBSECTION (2.5)(c) OF THIS SECTION IN A RIGOROUS,
18 COMPETITIVE, MULTI-STAGE REVIEW PROCESS THAT INCLUDES MULTIPLE
19 STAKEHOLDERS.

20 (f) THE DIVISION SHALL AWARD SMALL BUSINESS GRANTS ON OR
21 BEFORE DECEMBER 1 OF EACH YEAR. EACH SMALL BUSINESS GRANT
22 AWARD MUST INCLUDE ASSIGNED TARGETS FOR EACH GRANT RECIPIENT
23 BASED ON THE FORMERLY INCARCERATED PERSON'S APPLICATION. THE
24 ASSIGNED TARGETS MUST PROVIDE SUCCESS INDICATORS FOR THAT
25 PARTICULAR RECIPIENT AND MUST BE RELEVANT FOR OTHER SIMILAR
26 BUSINESS PLANS, BUSINESS MODELS, OR ECONOMIC DEVELOPMENT PLANS
27 IN THE FUTURE.

1 (g) ANY RECIPIENTS OF SMALL BUSINESS GRANTS ARE ELIGIBLE TO
2 PARTICIPATE IN THE CONSULTING PROGRAM SET OUT IN SUBSECTION
3 (2.5)(b)(III) OF THIS SECTION FOR AT LEAST A YEAR FROM THE DATE OF
4 THE RECIPIENT'S SELECTION.

5 (h) THE GENERAL ASSEMBLY MAY APPROPRIATE MONEY FROM THE
6 GENERAL FUND OR FROM ANY OTHER AVAILABLE SOURCE TO THE DIVISION
7 OF LOCAL GOVERNMENT FOR THE PURPOSES OF THIS SUBSECTION (2.5).
8 THE DIVISION MAY SEEK, ACCEPT, AND EXPEND GIFTS, GRANTS, OR
9 DONATIONS FROM PRIVATE OR PUBLIC SOURCES FOR THE PURPOSES OF THIS
10 SUBSECTION (2.5).

11 (3) Subsection (2) of this section, SUBSECTION (2.5) OF THIS
12 SECTION, and this subsection (3) are repealed, effective ~~September 1,~~
13 ~~2023~~ SEPTEMBER 1, 2027. Before such repeal, the department of
14 regulatory agencies shall review the justice reinvestment crime prevention
15 initiative pursuant to section 24-34-104.

16 **SECTION 3. Act subject to petition - effective date.** This act
17 takes effect at 12:01 a.m. on the day following the expiration of the
18 ninety-day period after final adjournment of the general assembly; except
19 that, if a referendum petition is filed pursuant to section 1 (3) of article V
20 of the state constitution against this act or an item, section, or part of this
21 act within such period, then the act, item, section, or part will not take
22 effect unless approved by the people at the general election to be held in
23 November 2022 and, in such case, will take effect on the date of the
24 official declaration of the vote thereon by the governor.