

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

REREVISED

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

LLS NO. 21-0886.01 Esther van Mourik x4215

SENATE BILL 21-229

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A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF THE RURAL JUMP-START ZONE GRANT**
102 **PROGRAM, AND, IN CONNECTION THEREWITH, MAKING AN**
103 **APPROPRIATION.**

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 jump-start zone grant program (grant program) and authorizes the Colorado economic development commission (commission) to issue grants, subject to available appropriations, as follows:

- Up to \$20,000 to new businesses to establish operations;

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.

HOUSE
3rd Reading Unamended
June 1, 2021

HOUSE
Amended 2nd Reading
May 28, 2021

SENATE
3rd Reading Unamended
May 19, 2021

SENATE
Amended 2nd Reading
May 18, 2021

- Up to \$40,000 to new businesses to establish operations in a tier one transition community;
- Up to \$2,500 to new businesses for each new hire; and
- Up to \$5,000 to new businesses for each new hire who is hired for operations established in a tier one transition community.

The bill creates the rural jump-start zone grant fund account in the Colorado economic development fund, which consists of any money appropriated to the fund by the general assembly, and may be used:

- By the commission to issue grants; and
- For the direct and indirect costs that the Colorado office of economic development incurs, not to exceed a specified amount, to administer the grant program.

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 rural jump-start zone program attracts businesses to rural
5 and economically distressed parts of the state, thereby creating jobs and
6 stimulating local economies;

7 (b) The rural jump-start zone program is one of the office of
8 economic development's premiere programs dedicated solely to
9 supporting rural businesses and the only program that provides direct
10 benefits to those businesses' employees in addition to the businesses
11 themselves;

12 (c) It is important to provide additional grant funds for new
13 businesses in coal transition communities, or tier one transition
14 communities, because even though actual closures of Colorado's
15 remaining coal-fired power plants and any related closures of coal mines
16 are at least several years off, jobs are already starting to disappear from
17 these communities through attrition. Consequently, there is greater need
18 in such communities for economic diversification and for the creation of

1 new primary employers.

2 (d) House Bill 20-1003 was an important opportunity to expand
3 interest and garner more participation in the rural jump-start zone
4 program and ensure that it works efficiently for all of rural Colorado; and

5 (e) Senate Bill 21-229 significantly expands the benefits that these
6 new businesses are able to receive so that there is not just tax relief but
7 also cash grants that increase the incentive for new businesses to move to
8 rural Colorado to create jobs and stimulate local economies.

9 **SECTION 2.** In Colorado Revised Statutes, 39-30.5-103, **add**
10 (12) as follows:

11 **39-30.5-103. Definitions.** As used in this article 30.5, unless the
12 context otherwise requires:

13 (12) "TIER ONE TRANSITION COMMUNITY" MEANS A COAL
14 TRANSITION COMMUNITY THAT IS LOCATED IN A RURAL JUMP-START ZONE
15 AND THAT THE OFFICE, WITH THE CONCURRENCE OF THE EXECUTIVE
16 DIRECTORS OF THE DEPARTMENT OF LABOR AND EMPLOYMENT AND THE
17 DEPARTMENT OF LOCAL AFFAIRS, DETERMINES HAS ALREADY
18 EXPERIENCED OR IS AT RISK OF EXPERIENCING SIGNIFICANT ECONOMIC
19 DISRUPTION, THE PROXIMATE CAUSE OF WHICH IS EITHER THE CLOSURE OR
20 CONVERSION OF A COAL-FUELED ELECTRICAL POWER GENERATING PLANT
21 IN COLORADO OR IN A CONTIGUOUS STATE OR A SUSTAINED AND LIKELY
22 PERMANENT DECLINE IN BROADER COAL MARKETS DUE TO SIMILAR
23 CLOSURES OR CONVERSIONS NATIONALLY AND GLOBALLY.

24 **SECTION 3.** In Colorado Revised Statutes, 39-30.5-104, **amend**
25 (1)(a)(I), (1)(a)(II), and (1)(b); and **add** (7)(c) and (7)(d) as follows:

26 **39-30.5-104. Rural jump-start zone program requirements -**
27 **commission guidelines - definitions.** (1) (a) The commission shall

1 develop guidelines for the administration of the rural jump-start zone
2 program created in this article 30.5, including, but not limited to:

3 (I) Application requirements, INCLUDING APPLICATION
4 REQUIREMENTS FOR THE GRANT PROGRAM UNDER SECTION 39-30.5-105 (5)
5 AND SUBSECTIONS (7)(c) AND (7)(d) OF THIS SECTION;

6 (II) Guidelines regarding the issuing of credit certificates AND
7 GRANTS; and

8 (b) The guidelines must be posted on the Colorado office of
9 economic development's website no later than December 1, 2015. ALL
10 UPDATED GUIDELINES MUST BE POSTED ON THE OFFICE'S WEBSITE NO
11 LATER THAN DECEMBER 1 OF ANY YEAR IN WHICH THE GUIDELINES ARE
12 UPDATED.

13 (7) (c) (I) A NEW BUSINESS THAT RECEIVES APPROVAL AS
14 SPECIFIED IN SUBSECTION (7)(a) OF THIS SECTION FOR THE RURAL
15 JUMP-START ZONE PROGRAM BENEFITS MAY BE AWARDED GRANTS, AT THE
16 COMMISSION'S DISCRETION:

17 (A) FOR THE ESTABLISHMENT OF OPERATIONS IN A RURAL
18 JUMP-START ZONE; AND

19 (B) FOR EACH NEW HIRE WHO MEETS THE REQUIREMENTS OF
20 SECTION 39-30.5-103 (8), AND WHO IS EITHER HIRED BY THE NEW
21 BUSINESS UPON ESTABLISHING OPERATIONS IN A RURAL JUMP-START ZONE,
22 OR IN THE YEARS AFTER ESTABLISHING OPERATIONS IN A RURAL
23 JUMP-START ZONE; EXCEPT THAT THE GRANTS ALLOWED IN THIS
24 SUBSECTION (7)(c)(I)(B) MUST BE CALCULATED ON AN ANNUAL BASIS AND
25 MAY ONLY BE AWARDED ONE TIME FOR EACH NEW HIRE BASED ON THE
26 NEW HIRE'S FEDERAL FORM W-2.

27 (II) THE COMMISSION MAY ISSUE GRANTS, SUBJECT TO SUBSECTION

1 (7)(c)(I) OF THIS SECTION AND SUBJECT TO AVAILABLE APPROPRIATIONS,
2 AS FOLLOWS:

3 (A) UP TO TWENTY THOUSAND DOLLARS TO NEW BUSINESSES TO
4 ESTABLISH OPERATIONS;

5 (B) UP TO FORTY THOUSAND DOLLARS TO NEW BUSINESSES TO
6 ESTABLISH OPERATIONS IN A TIER ONE TRANSITION COMMUNITY;

7 (C) UP TO TWO THOUSAND FIVE HUNDRED DOLLARS TO NEW
8 BUSINESSES FOR EACH NEW HIRE; OR

9 (D) UP TO FIVE THOUSAND DOLLARS TO NEW BUSINESSES FOR
10 EACH NEW HIRE WHO IS HIRED BY THE NEW BUSINESS THAT IS LOCATED IN
11 A TIER ONE TRANSITION COMMUNITY.

12 (III) THE COMMISSION MAY ESTABLISH ADDITIONAL TERMS AND
13 CONDITIONS THAT IT DEEMS APPROPRIATE IN AWARDING GRANTS UNDER
14 THIS SUBSECTION (7)(c).

15 (IV) GRANTS ALLOWED UNDER THIS SUBSECTION (7)(c) MAY ONLY
16 BE AWARDED TO A NEW BUSINESS IF THE NEW BUSINESS MEETS THE
17 ELIGIBILITY REQUIREMENTS FOR THE TAX BENEFITS SET FORTH IN THIS
18 ARTICLE 30.5.

19 (d)(I) THE COMMISSION MAY ISSUE GRANTS, AT THE COMMISSION'S
20 DISCRETION, SUBJECT TO THIS SUBSECTION (7)(d), AND SUBJECT TO
21 AVAILABLE APPROPRIATIONS, NOT TO EXCEED THIRTY THOUSAND DOLLARS
22 PER APPLICANT, TO A STATE INSTITUTION OF HIGHER EDUCATION OR AN
23 ECONOMIC DEVELOPMENT ORGANIZATION THAT COLLABORATES WITH A
24 NEW BUSINESS THAT RECEIVED APPROVAL FOR THE RURAL JUMP-START
25 ZONE PROGRAM BENEFITS UNDER SUBSECTION (7)(a) OF THIS SECTION, IN
26 ORDER TO SUPPORT THE NEW BUSINESS IN MEETING THE PURPOSES
27 OUTLINED IN SUBSECTION (7)(c) OF THIS SECTION.

1 (II) WHEN CONSIDERING WHETHER TO ISSUE A GRANT TO A STATE
2 INSTITUTION OF HIGHER EDUCATION OR AN ECONOMIC DEVELOPMENT
3 ORGANIZATION, AND WHEN CONSIDERING THE SIZE OF THE GRANT, THE
4 COMMISSION SHALL REVIEW:

5 (A) AN APPLICANT'S REAL AND DEMONSTRATED COSTS RESULTING
6 FROM THE COLLABORATION WITH A NEW BUSINESS;

7 (B) OTHER NONMONETARY BENEFITS AFFORDED TO THE
8 APPLICANT IN COLLABORATING WITH A NEW BUSINESS;

9 (C) THE NUMBER OF NEW BUSINESSES THE APPLICANT IS
10 CURRENTLY COLLABORATING WITH AND LIKELY TO COLLABORATE WITH
11 IN THE FUTURE;

12 (D) WHETHER THE GRANT WILL SUPPORT WORKFORCE
13 DEVELOPMENT AND APPLIED RESEARCH PROJECTS BEING CARRIED OUT BY
14 THE STATE INSTITUTION OF HIGHER EDUCATION OR THE ECONOMIC
15 DEVELOPMENT ORGANIZATION IN CONCERT WITH NEW BUSINESSES; AND

16 (E) ANY OTHER FACTS THE COMMISSION DEEMS NECESSARY WHEN
17 CONSIDERING THE OVERALL MISSION OF THE RURAL JUMP-START ZONE
18 PROGRAM AND THE ROLE OF THE APPLICANT IN FURTHERING THAT
19 MISSION.

20 (III) THE COMMISSION MAY ESTABLISH ADDITIONAL TERMS AND
21 CONDITIONS THAT IT DEEMS APPROPRIATE IN AWARDING GRANTS UNDER
22 THIS SUBSECTION (7)(d), INCLUDING THE SIZE OF THE GRANT.

23 (IV) GRANTS AWARDED UNDER THIS SUBSECTION (7)(d) MAY ONLY
24 BE AWARDED TO A STATE INSTITUTION OF HIGHER EDUCATION OR AN
25 ECONOMIC DEVELOPMENT ORGANIZATION IF THE GRANT RECIPIENT MEETS
26 THE ELIGIBILITY REQUIREMENTS SET FORTH IN THIS ARTICLE 30.5.

27 **SECTION 4.** In Colorado Revised Statutes, 39-30.5-105, **add** (5)

1 as follows:

2 **39-30.5-105. Rural jump-start zone program benefits.**

3 (5) **Grant program.** (a) THERE IS HEREBY CREATED IN THE OFFICE THE
4 RURAL JUMP-START ZONE GRANT PROGRAM, REFERRED TO IN THIS
5 SUBSECTION (5) AS THE "GRANT PROGRAM", TO PROVIDE GRANTS FOR NEW
6 BUSINESSES IN ADDITION TO THE TAX BENEFITS SET FORTH IN THIS ARTICLE
7 30.5, AND TO PROVIDE GRANTS TO STATE INSTITUTIONS OF HIGHER
8 EDUCATION OR TO ECONOMIC DEVELOPMENT ORGANIZATIONS.

9 (b) THE OFFICE SHALL ADMINISTER THE GRANT PROGRAM AND THE
10 COMMISSION SHALL AWARD GRANTS, IN ACCORDANCE WITH THIS
11 SUBSECTION (5) AND SECTION 39-30.5-104 (7)(c) AND (7)(d). SUBJECT TO
12 AVAILABLE APPROPRIATIONS, GRANTS SHALL BE PAID OUT OF THE RURAL
13 JUMP-START ZONE GRANT FUND ACCOUNT IN THE COLORADO ECONOMIC
14 DEVELOPMENT FUND CREATED IN SECTION 24-46-105 (6).

15 (c) THE OFFICE SHALL ISSUE GUIDELINES TO IMPLEMENT THE
16 GRANT PROGRAM AS SPECIFIED IN SECTION 39-30.5-104 (1)(a).

17 **SECTION 5.** In Colorado Revised Statutes, 39-30.5-107, **amend**
18 (1)(h); and **add** (1)(a.5) and (1)(h.5) as follows:

19 **39-30.5-107. Rural jump-start zone reporting requirements.**

20 (1) The commission shall annually post on the Colorado office of
21 economic development's website, and include in the commission's annual
22 report required to be presented to the general assembly pursuant to section
23 24-46-104 (2), the following information regarding any rural jump-start
24 zone program benefits allowed under this article 30.5:

25 (a.5) INFORMATION REGARDING THE TIER ONE TRANSITION
26 COMMUNITIES THAT ARE A PART OF ANY RURAL JUMP-START ZONES;

27 (h) An estimated amount, as calculated by the new business, of the

1 income tax credits for the new business and any new hires and the sales
2 and use tax refunds allowed in section 39-30.5-105, and an estimated
3 amount, as calculated by the new business, of incentive payments,
4 exemptions, or refunds provided by local governments as allowed in
5 section 39-30.5-106; and

6 (h.5) THE TYPES OF GRANTS, GRANT AMOUNTS, AND INFORMATION
7 REGARDING GRANT RECIPIENTS FOR ALL GRANTS AWARDED UNDER
8 SECTION 39-30.5-105 (5); AND

9 **SECTION 6.** In Colorado Revised Statutes, 24-46-105, **amend**
10 (4)(b); and **add** (6) as follows:

11 **24-46-105. Colorado economic development fund - creation -**
12 **repeal.** (4) (b) The provisions of this subsection (4) do not apply to the
13 following:

14 (I) A nonprofit entity; ~~or~~

15 (II) An intern or trainee who is under the age of twenty-one and
16 who is employed for a period of not longer than three months; OR

17 (III) GRANTS AWARDED TO NEW BUSINESSES UNDER THE RURAL
18 JUMP-START ZONE ACT UNDER SECTION 39-30.5-105 (5).

19 (6) (a) THERE IS HEREBY CREATED AN ACCOUNT WITHIN THE
20 COLORADO ECONOMIC DEVELOPMENT FUND ESTABLISHED PURSUANT TO
21 SUBSECTION (1) OF THIS SECTION TO BE KNOWN AS THE RURAL JUMP-START
22 ZONE GRANT FUND ACCOUNT. THE ACCOUNT CONSISTS OF ANY MONEY
23 APPROPRIATED TO THE FUND BY THE GENERAL ASSEMBLY. THE MONEY IN
24 THE ACCOUNT IS SUBJECT TO ANNUAL APPROPRIATION BY THE GENERAL
25 ASSEMBLY FOR THE PURPOSES SET FORTH IN THIS SUBSECTION (6). ANY
26 MONEY NOT EXPENDED OR ENCUMBERED FROM ANY APPROPRIATION AT
27 THE END OF ANY FISCAL YEAR REMAINS AVAILABLE FOR EXPENDITURE IN

1 THE NEXT FISCAL YEAR WITHOUT FURTHER APPROPRIATION. THE MONEY
2 IN THE ACCOUNT MAY BE USED:

3 (I) BY THE COMMISSION TO MAKE GRANTS AS SET FORTH IN
4 SECTIONS 39-30.5-104 (7)(c) AND (7)(d) AND 39-30.5-105 (5); AND

5 (II) FOR THE DIRECT AND INDIRECT COSTS THAT THE COLORADO
6 OFFICE OF ECONOMIC DEVELOPMENT INCURS, NOT TO EXCEED ONE
7 HUNDRED THOUSAND DOLLARS PER FISCAL YEAR, TO ADMINISTER THE
8 RURAL JUMP-START ZONE GRANT PROGRAM UNDER SECTION 39-30.5-105
9 (5).

10 (b) THIS SUBSECTION (6) IS REPEALED, EFFECTIVE JULY 1, 2024.
11 ANY MONEY REMAINING IN THE RURAL JUMP-START ZONE GRANT FUND
12 ACCOUNT ON JUNE 30, 2024, REVERTS TO THE GENERAL FUND.

13 **SECTION 7. Appropriation.** (1) For the 2021-22 state fiscal
14 year, \$3,000,000 is appropriated to the rural jump-start zone grant fund
15 account in the Colorado economic development fund created in section
16 24-46-105 (6), C.R.S. This appropriation is from the general fund. The
17 Colorado office of economic development is responsible for the
18 accounting related to this appropriation.

19 (2) For the 2021-22 state fiscal year, \$3,000,000 is appropriated
20 to the office of the governor for use by economic development programs
21 as specified in section 24-46-105 (6), C.R.S. This appropriation is from
22 reappropriated funds in the rural jump-start zone grant fund account
23 under subsection (1) of this section, and is based on the assumption that
24 the office will require an additional 0.5 FTE. To implement this act, the
25 office may use this appropriation for rural jump-start.

26 **SECTION 8. Safety clause.** The general assembly hereby finds,

- 1 determines, and declares that this act is necessary for the immediate
- 2 preservation of the public peace, health, or safety.