

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

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

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.

HOUSE
3rd Reading Unamended
March 9, 2020

HOUSE
Amended 2nd Reading
March 6, 2020

- ! 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.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-30.5-102, **amend**
3 (2) as follows:

4 **39-30.5-102. Legislative declaration.** (2) The general assembly
5 further finds and declares that:

6 (a) Establishing certain rural jump-start zones is best suited to
7 bring about the economic vitality so critically needed in those regions;

8 (b) EXTENDING THE "RURAL JUMP-START ZONE ACT" FOR
9 ANOTHER FIVE-YEAR PERIOD IS NECESSARY TO MEET THE PURPOSE OF THE
10 ACT, WHICH IS TO CREATE OR RETAIN JOBS IN ORDER TO HELP ADDRESS THE
11 STILL SIGNIFICANT CONTRACTION OF LOCAL ECONOMIES IN CERTAIN AREAS
12 OF THE STATE; AND

13 (c) WHEN THE STATE AUDITOR EVALUATES THE TAX
14 EXPENDITURES IN THE "RURAL JUMP-START ZONE ACT" AS REQUIRED IN
15 SECTION 39-21-305, THE EVALUATION CAN RELY ON CLEAR RELEVANT,
16 AND ASCERTAINABLE METRICS AND DATA PROVIDED BY THE COMMISSION
17 PURSUANT TO SECTION 39-30.5-107.

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

20 **39-30.5-103. Definitions.** As used in this ~~article~~ ARTICLE 30.5,
21 unless the context otherwise requires:

22 (1.5) "COLORADO OFFICE OF ECONOMIC DEVELOPMENT" OR

1 "OFFICE" MEANS THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT
2 CREATED IN SECTION 24-48.5-101.

3 (4.5) "ECONOMIC DEVELOPMENT ORGANIZATION" MEANS A
4 NONPROFIT ORGANIZATION OR GOVERNMENTAL ENTITY SUCH AS A SMALL
5 BUSINESS DEVELOPMENT CENTER, A BUSINESS ACCELERATOR OR
6 INCUBATOR, A WORKFORCE CENTER, A LOCAL ECONOMIC DEVELOPER, OR
7 OTHER SUCH ORGANIZATION OR ENTITY THAT PROMOTES LOCAL ECONOMIC
8 DEVELOPMENT, BUT DOES NOT INCLUDE THE COMMISSION OR THE OFFICE.

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

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

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

23 **39-30.5-104. Rural jump-start zone program requirements -**
24 **commission guidelines - definitions.** (1) (a) The commission shall
25 develop guidelines for the administration of the rural jump-start zone
26 program created in this ~~article~~ ARTICLE 30.5, including, but not limited to:

27 (III) Guidelines concerning the process by which the commission

1 will determine whether a new business is not substantially similar in
2 operation to and does not directly compete with the core function of a
3 business that is operating in the ~~state~~ RURAL JUMP-START ZONE IN WHICH
4 THE NEW BUSINESS WILL BE LOCATED AND IN A DISTRESSED COUNTY
5 CONTIGUOUS TO THE RURAL JUMP-START ZONE at the time the new
6 business submits its application to a state institution of higher education
7 OR AN ECONOMIC DEVELOPMENT ORGANIZATION to participate in the rural
8 jump-start zone program.

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

13 (I) A representative of the state institution of higher education OR
14 THE ECONOMIC DEVELOPMENT ORGANIZATION may not use the
15 relationship between the state institution of higher education OR THE
16 ECONOMIC DEVELOPMENT ORGANIZATION and the new business as a
17 means for inurement or private benefit to the representative of the state
18 institution of higher education OR THE ECONOMIC DEVELOPMENT
19 ORGANIZATION, any relative of such representative, or any business
20 interests of such representative;

21 (II) A person who engages in the business of selling goods or
22 services to a state institution of higher education OR TO AN ECONOMIC
23 DEVELOPMENT ORGANIZATION, an employee of such person, or a person
24 with a business interest in such person's business shall not vote on or
25 participate in the administration by the state institution of higher
26 education OR BY THE ECONOMIC DEVELOPMENT ORGANIZATION of any
27 transaction with such business; and

1 (III) (A) Upon becoming aware of an actual or potential conflict
2 of interest, a representative of the state institution of higher education OR
3 THE ECONOMIC DEVELOPMENT ORGANIZATION shall advise the chief
4 academic officers or executive director of the institution OR THE
5 EXECUTIVE DIRECTOR OF THE ECONOMIC DEVELOPMENT ORGANIZATION
6 of the conflict.

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

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

16 (b) For the purposes of a conflict-of-interest policy developed
17 under ~~paragraph (a) of this subsection (4)~~ SUBSECTION (4)(a) OF THIS
18 SECTION:

19 (I) "Business interest" means that a representative:

20 (A) Owns or controls ten percent or more of the stock of the
21 entity; or

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

23 (II) "Relative" means any person living in the same household as
24 the representative of the state institution of higher education OR OF THE
25 ECONOMIC DEVELOPMENT ORGANIZATION, any person who is a direct
26 descendant of the representative's grandparents, or the spouse of such
27 representative.

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

4 (4.5) AN ECONOMIC DEVELOPMENT ORGANIZATION INTENDING TO
5 PARTICIPATE IN THE RURAL JUMP-START ZONE PROGRAM MUST BE
6 APPROVED BY THE COMMISSION AS ESTABLISHED IN THE COMMISSION'S
7 GUIDELINES.

8 (5) A new business ~~shall~~ MUST apply to a state institution of
9 higher education OR AN ECONOMIC DEVELOPMENT ORGANIZATION to
10 participate in a rural jump-start zone program. The state institution of
11 higher education OR ECONOMIC DEVELOPMENT ORGANIZATION shall
12 require the new business to provide documentation that the new business
13 meets the definition of new business as specified in section 39-30.5-103
14 (7) and that the new hires will meet the definition of new hire as specified
15 in section 39-30.5-103 (8). If the state institution of higher education OR
16 ECONOMIC DEVELOPMENT ORGANIZATION approves the new business, then
17 the state institution of higher education OR ECONOMIC DEVELOPMENT
18 ORGANIZATION shall apply to the commission for the approval of a rural
19 jump-start zone as specified in subsection (6) of this section and approval
20 of the new business for the rural jump-start zone program benefits as
21 specified in subsection (7) of this section.

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

27 (I) EITHER THE identification of:

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

5 (B) THE ECONOMIC DEVELOPMENT ORGANIZATION AND
6 IDENTIFICATION OF THE DISTRESSED COUNTY IN WHICH THE ORGANIZATION
7 IS LOCATED OR SERVES;

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

12 (B) The mission and activities of the new business align with or
13 further EITHER the academic mission of the state institution of higher
14 education OR THE MISSION OF THE ECONOMIC DEVELOPMENT
15 ORGANIZATION.

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

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

27 (B) IDENTIFICATION OF THE ECONOMIC DEVELOPMENT

1 ORGANIZATION AND IDENTIFICATION OF THE DISTRESSED COUNTY IN
2 WHICH THE ORGANIZATION IS LOCATED OR SERVES.

3 (7) (a) The commission shall, at a public meeting properly
4 noticed, review each application for a rural jump-start zone submitted by
5 a state institution of higher education OR AN ECONOMIC DEVELOPMENT
6 ORGANIZATION. Based on the application submitted and the commission's
7 guidelines, the commission may approve the rural jump-start zone and
8 may approve the new business for the rural jump-start zone program
9 benefits specified in section 39-30.5-105; except that the commission may
10 not approve more than three rural jump-start zones for the 2016 calendar
11 year and may not approve any rural jump-start zones or approve any new
12 businesses for the rural jump-start zone program benefits on and after
13 ~~January 1, 2021~~ JANUARY 1, 2026. The commission may only approve a
14 new business for the rural jump-start zone program benefits if the
15 commission is satisfied that the new business meets the definition of new
16 business as specified in section 39-30.5-103 (7), that the new hires will
17 meet the definition of new hire as specified in section 39-30.5-103 (8),
18 and that the new business will be located in the rural jump-start zone for
19 which the state institution of higher education OR ECONOMIC
20 DEVELOPMENT ORGANIZATION sought approval.

21 (b) (I) A new business that receives approval as specified in
22 ~~paragraph (a) of this subsection (7)~~ SUBSECTION (7)(a) OF THIS SECTION
23 for the rural jump-start zone program benefits must submit a request for
24 the issuance of a credit certificate by the deadlines established in the
25 commission's guidelines. The request must include an estimated amount,
26 as calculated by the new business, of the income tax credits for the new
27 business and any new hires and the sales and use tax refunds allowed in

1 section 39-30.5-105 and an estimated amount, as calculated by the new
2 business, of incentive payments, exemptions, or refunds provided by local
3 governments as specified in section 39-30.5-106.

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

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

18 **SECTION 4.** In Colorado Revised Statutes, 39-30.5-105, **amend**
19 (1)(a), (2)(a), (3)(a), and (3)(b) as follows:

20 **39-30.5-105. Rural jump-start zone program benefits.** (1) **New**
21 **business income tax credit.** (a) (I) If a new business locates in a rural
22 jump-start zone during the income tax years commencing on or after
23 January 1, 2016, but before ~~January 1, 2021~~ JANUARY 1, 2026, and the
24 commission has approved the new business for the rural jump-start zone
25 program benefits as specified in section 39-30.5-104 (7)(a), then except
26 as provided in ~~subparagraph (II) of this paragraph (a)~~ SUBSECTION
27 (1)(a)(II) OF THIS SECTION, the new business is entitled to receive an

1 annual income tax credit in an amount equal to one hundred percent of
2 the income taxes imposed by article 22 of this ~~title~~ TITLE 39 on the income
3 derived from its activities in the rural jump-start zone for four consecutive
4 income tax years beginning with the first income tax year designated by
5 the commission in the first credit certificate. The commission shall
6 conduct an annual review to verify that the new business continues to
7 meet the requirements set forth in this ~~article~~ ARTICLE 30.5 and shall issue
8 a credit certificate to the new business for every income tax year during
9 the four-year period only if the commission is satisfied the requirements
10 are being met.

11 (II) A new business may seek an extension of the four-year
12 benefits period specified in ~~subparagraph (I) of this paragraph (a)~~
13 SUBSECTION (1)(a)(I) OF THIS SECTION by completing a written application
14 to the commission. The extension may not exceed an additional four
15 years. The application for extension must include an explanation of the
16 new business' need for the extension and any other information the
17 commission deems necessary. In deciding whether to grant the extension,
18 the commission must consider the state of the economy in the rural
19 jump-start zone, the estimated demand for tax credits allowed in this
20 section for other new businesses, and the importance of these credits in
21 incentivizing the new business. The extension application must be
22 considered at a regularly scheduled meeting of the commission where the
23 public is allowed to comment.

24 (2) **New hire income tax credit.** (a) (I) Except as provided in
25 section 39-30.5-104 (7)(b)(II) and ~~subparagraph (H) of this paragraph (a)~~
26 SUBSECTION (2)(a)(II) OF THIS SECTION, if a new hire is employed by a
27 new business, and the commission has approved the new business for the

1 rural jump-start zone program benefits as specified in section 39-30.5-104
2 (7)(a), for income tax years commencing on or after January 1, 2016, but
3 before ~~January 1, 2021~~ JANUARY 1, 2026, new hires are entitled to receive
4 an income tax credit in an amount equal to one hundred percent of the
5 income taxes imposed by article 22 of this ~~title~~ TITLE 39 on the new hire's
6 wages paid by the new business for work performed in the rural
7 jump-start zone for four consecutive income tax years beginning with the
8 first income tax year in which the new hire is employed by the new
9 business. The commission shall conduct an annual review to verify that
10 the new hire and the new business continue to meet the requirements set
11 forth in this ~~article~~ ARTICLE 30.5 and shall issue a credit certificate to the
12 new business for each new hire for every income tax year during the
13 four-year period only if the commission is satisfied the requirements are
14 being met.

15 (II) A new business may seek an extension of the four-year
16 benefits period specified in ~~subparagraph (I) of this paragraph (a)~~
17 SUBSECTION (2)(a)(I) OF THIS SECTION by completing a written application
18 to the commission. The extension may not exceed an additional four
19 years. The application for extension must include an explanation of the
20 new business' need for the extension and any other information the
21 commission deems necessary. In deciding whether to grant the extension,
22 the commission must consider the state of the economy in the rural
23 jump-start zone, the estimated demand for tax credits allowed in this
24 section for other new businesses, and the importance of these credits in
25 incentivizing the new business. The extension application must be
26 considered at a regularly scheduled meeting of the commission where the
27 public is allowed to comment.

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

11 (b) A new business may seek an extension of the four-year period
12 specified in ~~paragraph (a) of this subsection (3)~~ SUBSECTION (3)(a) OF
13 THIS SECTION by completing a written application to the commission. The
14 extension may not exceed an additional four years. The application for
15 extension must include an explanation of the new business' need for the
16 extension and any other information the commission deems necessary. In
17 deciding whether to grant the extension, the commission must consider
18 the state of the economy in the rural jump-start zone, the estimated
19 demand for sales and use tax refunds allowed in this section for other new
20 businesses, and the importance of the refund in incentivizing the new
21 business. The extension application must be considered at a regularly
22 scheduled meeting of the commission where the public is allowed to
23 comment.

24 **SECTION 5.** In Colorado Revised Statutes, 39-30.5-107, **amend**
25 **(1) as follows:**

26 **39-30.5-107. Rural jump-start zone reporting requirements.**
27 **(1) The commission shall annually post on the Colorado office of**

1 economic development's website, and include in the commission's annual
2 report required to be presented to the general assembly pursuant to section
3 24-46-104 (2), ~~C.R.S.~~, the following information regarding any rural
4 jump-start zone program benefits allowed under this ~~article~~ ARTICLE 30.5:

5 (a) The distressed county and interested municipalities that make
6 up ~~the~~ EACH rural jump-start zone, THE NUMBER OF APPROVED RURAL
7 JUMP-START ZONES, THE DISTRIBUTION OF NEW BUSINESSES ACROSS
8 RURAL JUMP-START ZONES, AND THE NUMBER OF RURAL JUMP-START
9 ZONES THAT HAVE GRADUATED FROM THE RURAL JUMP-START ZONE
10 PROGRAM, INCLUDING A COMPARISON OF SUCH NUMBERS BEFORE AND
11 AFTER THE RURAL JUMP-START PROGRAM RENEWAL IN 2020;

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

14 (c) The name, TYPE, AND ACTIVE OR INACTIVE STATUS of ~~the~~ EACH
15 APPROVED new business, INCLUDING WHETHER THE NEW BUSINESS IS IN AN
16 ADVANCED INDUSTRY AS DEFINED IN SECTION 24-48.5-117 (2)(a), AND A
17 COMPARISON OF THE TOTAL NUMBER OF APPROVED AND ACTIVE NEW
18 BUSINESSES OVER TIME;

19 (d) ~~The type of new business~~ EVIDENCE OF ANY ANCILLARY
20 ECONOMIC DEVELOPMENT OCCURRING IN ANY RURAL JUMP-START ZONE
21 AS A RESULT OF THE RURAL JUMP-START PROGRAM;

22 (e) The tax year for which the first credit certificate is issued or
23 the date the sales and use tax refund is authorized;

24 (f) The number of new hires hired AND THE NUMBER OF
25 INDIVIDUALS HIRED BY A NEW BUSINESS THAT DO NOT MEET THE NEW HIRE
26 DEFINITION SPECIFIED IN SECTION 39-30.5-103 (8);

27 (g) The average salary or hourly wage of each new hire;

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

7 (i) Any other economic benefits resulting from the rural jump-start
8 zone program.

9 **SECTION 6. No appropriation.** The general assembly has
10 determined that this act can be implemented within existing
11 appropriations, and therefore no separate appropriation of state money is
12 necessary to carry out the purposes of this act.

13 **SECTION 7. Act subject to petition - effective date -**
14 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
15 the expiration of the ninety-day period after final adjournment of the
16 general assembly (August 5, 2020, if adjournment sine die is on May 6,
17 2020); except that, if a referendum petition is filed pursuant to section 1
18 (3) of article V of the state constitution against this act or an item, section,
19 or part of this act within such period, then the act, item, section, or part
20 will not take effect unless approved by the people at the general election
21 to be held in November 2020 and, in such case, will take effect on the
22 date of the official declaration of the vote thereon by the governor.

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