A BILL FOR AN ACT

CONCERNING THE CREATION OF A SMALL BUSINESS PAYCHECK PROTECTION LOAN PROGRAM.

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 small business paycheck protection loan program (program). The program provides loans to eligible small businesses that have received a loan from the federal paycheck protection program, created in the federal "Coronavirus Aid, Relief, and Economic Security Act" ("CARES Act") and expanded in the "Paycheck Protection Program and Health Care Enhancement Act", and that continue to face
economic hardship due to the COVID-19 pandemic.

A loan issued to a small business may not exceed the lesser of 20% of the business's approved federal paycheck protection loan or $100,000. Each loan is deferred until the loan’s maturity date and may be forgiven if the small business uses the loan solely for qualified purposes.

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

SECTION 1. In Colorado Revised Statutes, add 24-48.5-127 as follows:

24-48.5-127. Small business paycheck protection program - definitions - repeal. (1) Definitions. AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

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

(b) "ELIGIBLE SMALL BUSINESS" MEANS A PERSON THAT:

(I) QUALIFIED FOR AND RECEIVED A LOAN PURSUANT TO THE FEDERAL PAYCHECK PROTECTION PROGRAM; AND

(II) HAS FEWER THAN ONE HUNDRED EMPLOYEES, MEASURED AS FULL-TIME EQUIVALENTS.

(c) "FEDERAL PAYCHECK PROTECTION PROGRAM" MEANS THE FEDERAL PAYCHECK PROTECTION PROGRAM CREATED IN THE FEDERAL "CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT" ("CARES ACT"), PUB.L. 116-136, AS AMENDED, AND EXPANDED IN THE "PAYCHECK PROTECTION PROGRAM AND HEALTH CARE ENHANCEMENT ACT", PUB.L. 116-139, AS AMENDED.

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

(e) "PROGRAM" MEANS THE SMALL BUSINESS PAYCHECK
PROTECTION LOAN PROGRAM ESTABLISHED IN SUBSECTION (2) OF THIS SECTION.

(2) Small business paycheck protection loan program. (a) The Office shall establish and administer a small business paycheck protection loan program to assist eligible small businesses that have received a loan through the federal paycheck protection program and continue to face economic hardship caused by the COVID-19 pandemic.

(b) To receive a loan pursuant to the program, an eligible small business must apply to the office before April 1, 2021, in a manner determined by the office. Each individual loan must not exceed the lesser of twenty percent of the loan amount that the small business received from the federal paycheck protection program or one hundred thousand dollars.

(c) An eligible small business that receives a loan pursuant to this subsection (2) may use the money only for the purposes authorized by the federal paycheck protection program.

(3) Deferral and forgiveness. (a) Loans issued pursuant to this section mature five years after issuance. The office shall defer loan payments until the maturity date of the loan.

(b) A small business is eligible for loan forgiveness if the money is used for eligible payroll costs, payments on business mortgage interest payments, rent, or utilities. A small business may apply for forgiveness once the business has used all loan proceeds for which the business is requesting forgiveness. A small business may apply for forgiveness on or before the
MATURITY DATE OF THE LOAN. IF A SMALL BUSINESS DOES NOT APPLY FOR
FORGIVENESS ON OR BEFORE THE MATURITY DATE OF THE LOAN, THEN
PROGRAM LOAN PAYMENTS ARE NO LONGER DEFERRED AND THE OFFICE
SHALL REQUIRE THE SMALL BUSINESS TO BEGIN MAKING LOAN PAYMENTS
TO THE OFFICE. THE AMOUNT EQUAL TO THE FORGIVEN PORTION OF THE
LOAN IS NOT INCOME TO THE SMALL BUSINESS FOR PURPOSES OF THE
STATE’S INCOME TAX SET FORTH IN ARTICLE 22 OF TITLE 39.

(4) Financing. The Program is financed by ten million
dollars appropriated from the General Fund. Just prior to the
close of business on April 30, 2021, any unexpended portion of the
appropriation made from the General Fund pursuant to this
subsection (4) reverts to the General Fund. The Office may
expend the money specified in this subsection (4) only for:

(a) Making loans to eligible small businesses pursuant to
the program; and

(b) The Office’s costs of administering the program, not to
exceed sixth-tenths of one percent of the money specified in this
subsection (4).

(5) Reporting. By October 1, 2021, the Office shall submit
to the committees of the General Assembly with jurisdiction
over business affairs a report specifying the number of loans
distributed, the amount of each loan, the recipient of each loan,
and how the recipient spent the loan.

(6) Repeal. This section is repealed, effective September 1,
2026.

SECTION 2. 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.