A BILL FOR AN ACT

CONCERNING THE EXPANSION OF THE JUSTICE REINVESTMENT CRIME PREVENTION INITIATIVE, AND, IN CONNECTION THEREWITH, THE CREATION OF A SMALL BUSINESS GRANT PROGRAM FOR 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
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.

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

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

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

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

(2) The general assembly further finds and declares that:
(a) Formerly incarcerated persons, despite seeking employment at rates higher than the general population, are half as likely to gain employment because of their previous incarceration and have unemployment rates at five times the national average;

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

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

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

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

STATEWIDE SMALL BUSINESS GRANT PROGRAM FOR FORMERLY INCARCERATED PERSONS.

(b) Subject to available appropriations, on and after August 10, 2017, the division shall develop and implement an initiative in accordance with policies developed by the executive director specifically designed to expand small business lending in the target communities described in this subsection (1).

An initiative SUBJECT TO AVAILABLE APPROPRIATIONS, ON AND AFTER OCTOBER 1, 2021, THE DIVISION SHALL DEVELOP AND IMPLEMENT AN INITIATIVE IN ACCORDANCE WITH POLICIES DEVELOPED BY THE EXECUTIVE DIRECTOR SPECIFICALLY DESIGNED TO EXPAND SMALL BUSINESS LENDING IN THE ENTIRE STATE OUTSIDE OF THE TARGET COMMUNITIES.

INITIATIVES developed and implemented pursuant to subsection (1)(a) of this section shall include, but need not be limited to, the following components:

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

(2) (a) Subject to available appropriations, on and after August 10, 2017, the division shall develop and implement a grant program to provide funding to eligible entities for programs, projects, or direct services aimed at reducing crime in the target communities described in subsection (1) of this section. SUBJECT TO AVAILABLE APPROPRIATIONS,
ON AND AFTER OCTOBER 1, 2021, THE DIVISION SHALL ALSO DEVELOP AND IMPLEMENT A GRANT PROGRAM TO PROVIDE FUNDING TO ELIGIBLE ENTITIES FOR PROGRAMS, PROJECTS, OR DIRECT SERVICES AIMED AT REDUCING CRIME IN THE STATE. The division shall administer the grant program in accordance with policies developed by the executive director that include, but are not limited to, the specifics in subsection (2)(b) of this section.

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

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

(I) Developing a nomination process and governance policy for the local crime prevention planning team, subject to approval by the appropriate city council. The community foundation shall ensure that the
proposed local planning team members represent a diverse cross-section with expertise in areas like education, business, youth, families, nonprofit direct service, law enforcement, local government, community, and residents of the target communities, including those that have been directly impacted by crime and involvement in the criminal justice system. Subject to the requirements of this subsection (2)(c)(I), the division shall develop a nomination process and governance policy for any local crime prevention planning team outside of the target communities, subject to the approval of the appropriate city council or other governing body.

(II) Providing facilitation to the local crime prevention planning team in both Aurora, and Colorado Springs, Colorado Springs, or other parts of the state;

(2.5) (a) As used in this subsection (2.5), unless the context otherwise requires, "formerly incarcerated person" means a person with no pending criminal charges that was previously in correctional facilities under the control of the Colorado Department of Corrections.

(b) Subject to available appropriations, on and after October 1, 2021, the division shall administer a statewide program to provide business and entrepreneurship training, grants, and business consulting to formerly incarcerated persons. The division shall collaborate with the Colorado Department of Corrections and the Colorado Office of Economic Development in developing and implementing the program, which at a minimum shall include:

(I) A comprehensive training program in business, finance,
AND ENTREPRENEURSHIP FOR FORMERLY INCARCERATED PERSONS,
INCLUDING SPECIFIC TRAINING IN DEVELOPING A BUSINESS PLAN AND
BUSINESS MODEL;

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

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

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

(I) A BUSINESS PLAN;

(II) A BUSINESS MODEL;

(III) THE AMOUNT OF THE REQUESTED GRANT AND AN
EXPLANATION OF THE INTENDED USE OF THE GRANT AWARD;
(IV) The names of key personnel, including investors holding more than ten percent of the business;

(V) Proof of completion of the training program set out in subsection (2.5)(b)(I) of this section;

(VI) Information regarding the required matching funds, including an identification of the sources of all matching funds; and

(VII) Any other information required by the division.

(d) A formerly incarcerated person may apply for a small business grant every year for up to five years, and the division may award a grant to a previous grant recipient so long as the formerly incarcerated person provides documentation, including a cash flow analysis, demonstrating successful progress from the previous year and the strong potential for continued progress and future independence from the program.

(e) The division shall review the applications received pursuant to subsection (2.5)(c) of this section in a rigorous, competitive, multi-stage review process that includes multiple stakeholders.

(f) The division shall award small business grants on or before December 1 of each year. Each small business grant award must include assigned targets for each grant recipient based on the formerly incarcerated person's application. The assigned targets must provide success indicators for that particular recipient and must be relevant for other similar business plans, business models, or economic development plans in the future.
(g) Any recipients of small business grants are eligible to participate in the consulting program set out in subsection (2.5)(b)(III) of this section for at least a year from the date of the recipient's selection.

(h) The general assembly may appropriate money from the general fund or from any other available source to the division of local government for the purposes of this subsection (2.5). The division may seek, accept, and expend gifts, grants, or donations from private or public sources for the purposes of this subsection (2.5).

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

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