

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

REREVISED

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

LLS NO. 21-0810.02 Megan Waples x4348

HOUSE BILL 21-1241

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A BILL FOR AN ACT

101 **CONCERNING MODIFICATIONS TO THE EMPLOYEE OWNERSHIP LOAN**
102 **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 modifies requirements for an existing loan program (program) created to assist transitions of businesses to employee-owned businesses. The bill repeals statutory eligibility requirements and requires the office of economic development (office) to establish eligibility criteria for the program. The criteria must include an annual gross revenues limitation for participation in the program for businesses, which amount

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.

SENATE
3rd Reading Unamended
April 30, 2021

SENATE
2nd Reading Unamended
April 29, 2021

HOUSE
3rd Reading Unamended
April 19, 2021

HOUSE
2nd Reading Unamended
April 15, 2021

may be set at up to or less than \$50 million and establish requirements for the number of employees who will be offered the option to participate in the employee-ownership opportunity.

The bill also amends the requirements for the loans. It allows a loan to be used toward the purchase of the business by the employees. The bills repeals requirements related to the size of the loans and how the loans must be held and requires the office to establish requirements for the terms of the loans pursuant to existing statutory requirements.

Under the current statute, the program is repealed effective July 1, 2022. The bill extends the program through July 1, 2025.

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

2 **SECTION 1.** In Colorado Revised Statutes, 24-48.5-124, **amend**
3 (4)(a)(I), (4)(b), (4)(c), and (5); and **repeal** (2)(b) as follows:

4 **24-48.5-124. Preserving small businesses through employee**
5 **ownership - legislative declaration - definitions - repeal.** (2) As used
6 in this section, unless the context otherwise requires:

- 7 (b) ~~"Existing business" means a business that:~~
8 ~~(I) Is at least two years old;~~
9 ~~(II) Has at least three employees;~~
10 ~~(III) Sees annual net revenues equal to or less than five million~~
11 ~~dollars;~~
12 ~~(IV) Offers the employee ownership opportunity to every~~
13 ~~employee; and~~
14 ~~(V) Plans to enter or has entered into an employee-ownership~~
15 ~~agreement with at least half of its employees.~~

16 (4) (a) (I) Except as provided in subsection (4)(a)(II) of this
17 section, the office shall establish and administer a revolving loan program
18 to assist transitions of ~~existing~~ ELIGIBLE COLORADO businesses to
19 employee-owned businesses.

20 (b) ~~The program is only available for existing businesses~~ THE

1 OFFICE SHALL ESTABLISH AND MAKE PUBLIC ELIGIBILITY CRITERIA FOR THE
2 PROGRAM. THE CRITERIA MUST INCLUDE REQUIREMENTS RELATED TO:

3 (I) THE SIZE OR NET REVENUES OF THE BUSINESS. THE CRITERIA
4 MUST INCLUDE AN ANNUAL GROSS REVENUES LIMITATION FOR
5 PARTICIPATION FOR BUSINESSES, WHICH AMOUNT MAY BE SET AT UP TO OR
6 LESS THAN FIFTY MILLION DOLLARS;

7 (II) THE NUMBER OF EMPLOYEES WHO MUST BE OFFERED THE
8 OPTION TO PARTICIPATE IN AN EMPLOYEE-OWNERSHIP OPPORTUNITY; AND

9 (III) ANY OTHER REQUIREMENTS THAT THE OFFICE DEEMS
10 NECESSARY TO FURTHER THE PURPOSES OF THE PROGRAM.

11 (c) Loans offered as part of the program

12 ~~(f)~~ must be used TOWARD THE PURCHASE OF THE BUSINESS BY THE
13 EMPLOYEES, to obtain technical assistance, or for transition purposes and
14 may not be used to pay off other debt, for general operating expenses, or
15 for capital expenditures. THE OFFICE SHALL ESTABLISH AND MAKE PUBLIC
16 REQUIREMENTS FOR THE TERMS OF THE LOANS, INCLUDING THE MAXIMUM
17 SIZE OF THE LOANS, HOW THE LOANS MUST BE HELD, AND SUCH OTHER
18 TERMS AS THE OFFICE DEEMS NECESSARY TO FURTHER THE PURPOSES OF
19 THE PROGRAM PURSUANT TO SUBSECTION (4)(e) OF THIS SECTION.

20 ~~(H) May not be in an amount greater than fifty percent of the cost~~
21 ~~of transition, not to exceed ten thousand dollars; and~~

22 ~~(HH) Must be held by the owner of the existing business.~~

23 (5) This section is repealed, effective ~~July 1, 2022~~ JULY 1, 2025.

24 **SECTION 2. Act subject to petition - effective date.** This act
25 takes effect at 12:01 a.m. on the day following the expiration of the
26 ninety-day period after final adjournment of the general assembly; except
27 that, if a referendum petition is filed pursuant to section 1 (3) of article V

1 of the state constitution against this act or an item, section, or part of this
2 act within such period, then the act, item, section, or part will not take
3 effect unless approved by the people at the general election to be held in
4 November 2022 and, in such case, will take effect on the date of the
5 official declaration of the vote thereon by the governor.