



Legislative Council Staff

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Fiscal Note

Drafting Number:	LLS 21-0896	Date:	May 14, 2021
Prime Sponsors:	Rep. Herod; Daugherty Sen. Winter	Bill Status:	House Business
		Fiscal Analyst:	Sonia Hatfield 303-866-5851 Sonia.Hatfield@state.co.us

Bill Topic: CONTINUE COVID-19 SMALL BUSINESS GRANT PROGRAM

Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill continues the COVID-19 Small Business Grant Program established in Senate Bill 20-2022, with some modifications. The bill increases state expenditures beginning in FY 2021-22. Appropriated funding may be spent through July 1, 2022.

Appropriation Summary: For FY 2021-22, this bill includes an appropriation of \$15.0 million to the Office of Economic Development.

Fiscal Note Status: This fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under HB 21-1302**

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue		-	-
Expenditures	General Fund	\$15.0 million	-
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

This bill continues the grant program enacted in Senate Bill 20-222 to support small businesses facing economic hardship caused by the COVID-19 pandemic.

COVID-19 Small Business Grant Program. The bill modifies the criteria and preferences for grant applicants. Small businesses must demonstrate financial losses related to the pandemic, and preference will be given to businesses who did not receive any or sufficient assistance from the Paycheck Protection Program, are a for-profit sole proprietorship, or are located in an economically distressed area. OEDIT is still required to contract with the Colorado Housing and Finance Authority (CHFA) to operate the grant program.

The bill appropriates \$15.0 million from the General Fund to the grant program and limits administrative overhead for OEDIT to 1.6 percent of total financing, or up to \$240,000. The maximum grant for each business is up to \$15,000, and the grantor may use up to four percent plus \$25 per grant, or up to \$625, for the cost of distribution. Spending authority for OEDIT remains until July 1, 2022.

Reporting. By Nov 1, 2022, the office is required to submit reports to the General Assembly detailing the businesses participating in the program.

Background

The Small Business COVID-19 grant program was created by Senate Bill 20-222, and was financed with \$20.0 million in federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding.

State Expenditures

Beginning in FY 2021-22, state expenditures will increase in OEDIT by a total of \$15.0 million to continue the COVID-19 Small Business Grant Program. As outlined in the bill, OEDIT may use up to \$240,000 for administrative costs, including communications, technical assistance, and outreach to underserved communities. Of the remaining funds, up to \$615,000 may be used to cover the cost of distributing grants, leaving at least \$14,145,000 for grants to small businesses. Grants may not exceed \$15,000 per business.

Statutory Public Entity

Funding for the grant program will pass through OEDIT and the program will be administered by CHFA, a statutory public entity. This will increase workload and expenditures in CHFA.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2021-22, the bill appropriates \$15.0 million to the Office of Economic Development and International Trade, to be spent through July 1, 2022.

State and Local Government Contacts

Colorado Housing Finance Authority

Economic Development