

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

PREAMENDED

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

LLS NO. 24-0473.01 Jed Franklin x5484

HOUSE BILL 24-1001

HOUSE SPONSORSHIP

Lukens and Taggart, McLachlan, Soper

SENATE SPONSORSHIP

Roberts and Simpson,

House Committees

Business Affairs & Labor
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING REAUTHORIZATION OF THE RURAL JUMP-START ZONE**
102 **PROGRAM, AND, IN CONNECTION THEREWITH, MAKING AN**
103 **APPROPRIATION.**

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>.)

Currently, the rural jump-start zone grant program (grant program) terminates on July 1, 2024, and all grant money in the rural jump-start zone grant fund account (account) reverts to the general fund on June 30, 2024. The bill continues the grant program until July 1, 2026, and the grant money in the account reverts to the general fund on June 30, 2026.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

The bill changes the total allowable administrative cost of the grant program from \$100,000 per fiscal year to \$300,000 total for the sum of all fiscal years that the grant program is in effect.

The new business income tax credit and the new hire income tax credit, which are benefits under the grant program, currently expire on January 1, 2026. The bill extends the tax credits for 5 years, until January 1, 2031.

The bill prohibits the Colorado economic development commission (commission) from approving more than 3 rural jump-start zones in counties with populations of less than 100,000 in any year. The number of credit certificates that the commission may issue in each approved rural jump-start zone in one income tax year for all new hires employed by all new businesses that are in one of the 14 industries that the commission targets for economic development in the state is increased from 300 to 500.

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

2 **SECTION 1.** In Colorado Revised Statutes, 24-46-105, **amend**
3 (7)(a)(II) and (7)(b) as follows:

4 **24-46-105. Colorado economic development fund - creation -**
5 **report - repeal.** (7) (a) There is hereby created an account within the
6 Colorado economic development fund established pursuant to subsection
7 (1) of this section to be known as the rural jump-start zone grant fund
8 account. The account consists of any money appropriated to the fund by
9 the general assembly. The money in the account is subject to annual
10 appropriation by the general assembly for the purposes set forth in this
11 subsection (7). Any money not expended or encumbered from any
12 appropriation at the end of any fiscal year remains available for
13 expenditure in the next fiscal year without further appropriation. The
14 money in the account may be used:

15 (II) For the direct and indirect costs that the Colorado office of
16 economic development incurs, not to exceed ~~one~~ THREE hundred thousand
17 dollars ~~per fiscal year~~, to administer the rural jump-start zone grant

1 program under section 39-30.5-105 (5).

2 (b) This subsection (7) is repealed, effective ~~July 1, 2024~~ JULY 1,
3 2025. Any money remaining in the rural jump-start zone grant fund
4 account on ~~June 30, 2024~~ JUNE 30, 2025, reverts to the general fund.

5 **SECTION 2.** In Colorado Revised Statutes, 39-30.5-103, **amend**
6 (7)(c) as follows:

7 **39-30.5-103. Definitions.** As used in this article 30.5, unless the
8 context otherwise requires:

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

10 (c) Hires at least five new hires, EXCEPT THAT IN A COUNTY WITH
11 A POPULATION OF LESS THAN ONE HUNDRED THOUSAND, HIRES AT LEAST
12 THREE NEW HIRES.

13 **SECTION 3.** In Colorado Revised Statutes, 39-30.5-104, **amend**
14 (7)(a) and (7)(b)(II) as follows:

15 **39-30.5-104. Rural jump-start zone program requirements -**
16 **commission - guidelines - definitions.** (7) (a) The commission shall, at
17 a public meeting properly noticed, review each application for a rural
18 jump-start zone submitted by a state institution of higher education or an
19 economic development organization. Based on the application submitted
20 and the commission's guidelines, the commission may approve the rural
21 jump-start zone and may approve the new business for the rural
22 jump-start zone program benefits specified in section 39-30.5-105; except
23 that the commission may not approve more than three rural jump-start
24 zones for the 2016 calendar year and may not approve any rural
25 jump-start zones or approve any new businesses for the rural jump-start
26 zone program benefits on and after ~~January 1, 2026~~ JANUARY 1, 2031.
27 The commission may only approve a new business for the rural jump-start

1 zone program benefits if the commission is satisfied that the new business
2 meets the definition of new business as specified in section 39-30.5-103
3 (7), that the new hires will meet the definition of new hire as specified in
4 section 39-30.5-103 (8), and that the new business will be located in the
5 rural jump-start zone for which the state institution of higher education
6 or economic development organization sought approval.

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

16 **SECTION 4.** In Colorado Revised Statutes, 39-30.5-105, **amend**
17 (1)(a)(I) and (2)(a)(I) as follows:

18 **39-30.5-105. Rural jump-start zone program benefits.** (1) **New**
19 **business income tax credit.** (a) (I) If a new business locates in a rural
20 jump-start zone during the income tax years commencing on or after
21 January 1, 2016, but before ~~January 1, 2026~~ JANUARY 1, 2031, and the
22 commission has approved the new business for the rural jump-start zone
23 program benefits as specified in section 39-30.5-104 (7)(a), then except
24 as provided in subsection (1)(a)(II) of this section, the new business is
25 entitled to receive an annual income tax credit in an amount equal to one
26 hundred percent of the income taxes imposed by article 22 of this title 39
27 on the income derived from its activities in the rural jump-start zone for

1 four consecutive income tax years beginning with the first income tax
2 year designated by the commission in the first credit certificate. The
3 commission shall conduct an annual review to verify that the new
4 business continues to meet the requirements set forth in this article 30.5
5 and shall issue a credit certificate to the new business for every income
6 tax year during the four-year period only if the commission is satisfied the
7 requirements are being met.

8 (2) **New hire income tax credit.** (a) (I) Except as provided in
9 section 39-30.5-104 (7)(b)(II) and subsection (2)(a)(II) of this section, if
10 a new hire is employed by a new business, and the commission has
11 approved the new business for the rural jump-start zone program benefits
12 as specified in section 39-30.5-104 (7)(a), for income tax years
13 commencing on or after January 1, 2016, but before ~~January 1, 2026~~
14 JANUARY 1, 2031, new hires are entitled to receive an income tax credit
15 in an amount equal to one hundred percent of the income taxes imposed
16 by article 22 of this title 39 on the new hire's wages paid by the new
17 business for work performed in the rural jump-start zone for four
18 consecutive income tax years beginning with the first income tax year in
19 which the new hire is employed by the new business. The commission
20 shall conduct an annual review to verify that the new hire and the new
21 business continue to meet the requirements set forth in this article 30.5
22 and shall issue a credit certificate to the new business for each new hire
23 for every income tax year during the four-year period only if the
24 commission is satisfied the requirements are being met.

25 **SECTION 5. Appropriation.** For the 2024-25 state fiscal year,
26 \$873,304 is appropriated to the office of the governor for use by
27 economic development programs. This appropriation is from the rural

1 jump-start zone grant fund account created in section 24-46-105 (7)(a),
2 C.R.S., and is based on an assumption that the office will require an
3 additional 1.5 FTE. To implement this act, the office may use this
4 appropriation for rural jump start.

5 **SECTION 6. Safety clause.** The general assembly finds,
6 determines, and declares that this act is necessary for the immediate
7 preservation of the public peace, health, or safety or for appropriations for
8 the support and maintenance of the departments of the state and state
9 institutions.