

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

**PREAMENDED**

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

LLS NO. 19-0335.01 Esther van Mourik x4215

**SENATE BILL 19-067**

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**SENATE SPONSORSHIP**

**Coram,**

**HOUSE SPONSORSHIP**

**McLachlan and Arndt,**

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**Senate Committees**

Finance  
Appropriations

**House Committees**

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**A BILL FOR AN ACT**

101      **CONCERNING THE CREATION OF THE RURAL DEVELOPMENT GRANT**  
102      **PROGRAM.**

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**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 rural development grant program to be administered by the Colorado office of economic development. The grants are to be awarded to early stage rural businesses that are primary employers in a rural area with the potential to export goods or services outside of the rural area. The businesses must be at the seed stage of capital financing, have raised less than five hundred thousand dollars of

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.

third-party capital, and are able to provide nonstate matching funding equal to at least one-third of the grant award. The grants may be used for developing prototypes, proof of business concepts, or proof of business models. The grants are funded from the general fund and are limited to no more than \$150,000 per early stage rural business per year.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** part 4 to article  
3 48.5 of title 24 as follows:

4 PART 4

5 RURAL DEVELOPMENT GRANT PROGRAM

6 **24-48.5-401. Short title.** THE SHORT TITLE OF THIS PART 4 IS THE  
7 "RURAL DEVELOPMENT GRANT PROGRAM ACT".

8 **24-48.5-402. Legislative declaration.** (1) THE GENERAL  
9 ASSEMBLY FINDS THAT:

10 (a) DESPITE OVERALL IMPROVEMENTS TO THE COLORADO  
11 ECONOMY, THERE STILL EXISTS A SIGNIFICANT CONTRACTION OF LOCAL  
12 ECONOMIES IN CERTAIN RURAL AREAS OF THE STATE;

13 (b) IMPORTANTLY, THOSE AREAS ARE EXPERIENCING INCREASED  
14 ECONOMIC DOWNTURN AS MEASURED BY CHANGES IN SUCH FACTORS AS  
15 POPULATION, EMPLOYMENT, WEEKLY WAGE, ASSESSED VALUE OF ALL  
16 PROPERTY, AND CONCENTRATION OF PUPILS ELIGIBLE FOR FREE LUNCH;  
17 AND

18 (c) COLORADO'S MANY DIVERSE ASPECTS ARE WHAT MAKE IT SUCH  
19 A UNIQUE AND WONDERFUL STATE, WITH VARYING ECONOMIC SECTORS  
20 AND REGIONS MAKING ITS STRENGTH GREATER THAN THE SUM OF ITS  
21 PARTS. IT IS IMPERATIVE THAT ALL SECTORS OF THE STATE BE KEPT  
22 INDEPENDENTLY STRONG AND BE GIVEN THE CHANCE TO IMPROVE,  
23 PROSPER, AND CONTRIBUTE TO THE WHOLE, FROM WHICH ALL BENEFIT.

1 (2) THE GENERAL ASSEMBLY FURTHER FINDS THAT:

2 (a) ESTABLISHING A RURAL DEVELOPMENT GRANT PROGRAM FOR  
3 EARLY STAGE RURAL BUSINESSES WILL BRING ABOUT THE ECONOMIC  
4 VITALITY SO CRITICALLY NEEDED IN RURAL AREAS OF THE STATE; AND

5 (b) REQUIRING GRANT RECIPIENTS TO SECURE A CERTAIN PORTION  
6 OF THE GRANT IN MATCHING FUNDS FROM NONGOVERNMENT SOURCES  
7 WILL HELP STIMULATE PRIVATE SECTOR INVESTMENT WHICH WILL HELP  
8 DRIVE INTEREST IN THE FEDERAL OPPORTUNITY ZONE PROGRAM  
9 ESTABLISHED IN THE FEDERAL "TAX CUTS AND JOBS ACT", PUB.L. 115-97,  
10 DESIGNED TO SPUR ECONOMIC DEVELOPMENT AND JOB CREATION IN  
11 DISTRESSED COMMUNITIES BY PROVIDING TAX INCENTIVES TO INVESTORS,  
12 AND IN THE STATE'S ENTERPRISE ZONE INVESTMENT TAX CREDIT.

13 **24-48.5-403. Definitions.** AS USED IN THIS PART 4, UNLESS THE  
14 CONTEXT OTHERWISE REQUIRES:

15 (1) "COLORADO OFFICE OF ECONOMIC DEVELOPMENT" OR "OFFICE"  
16 MEANS THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT CREATED IN  
17 SECTION 24-48.5-101.

18 (2) "EARLY STAGE RURAL BUSINESS" MEANS A PRIMARY EMPLOYER  
19 IN A RURAL AREA WITH THE POTENTIAL TO EXPORT GOODS OR SERVICES  
20 OUTSIDE OF THE RURAL AREA THAT IS AT THE SEED STAGE OF CAPITAL  
21 FINANCING AND THAT HAS RAISED LESS THAN A TOTAL OF FIVE HUNDRED  
22 THOUSAND DOLLARS OF THIRD-PARTY CAPITAL.

23 (3) "GUIDELINES" MEANS THE GUIDELINES FOR THE  
24 ADMINISTRATION OF THE GRANT PROGRAM DESCRIBED IN SECTION  
25 24-48.5-404 (4).

26 (4) "RURAL AREA" MEANS:

27 (a) A COUNTY IN THE STATE WITH A POPULATION OF FEWER THAN

1 FIFTY THOUSAND; OR

2 (b) A MUNICIPALITY IN THE STATE WITH A POPULATION OF FEWER  
3 THAN TWENTY THOUSAND IF THE MUNICIPALITY IS NOT CONTIGUOUS WITH  
4 A MUNICIPALITY WITH A POPULATION OF TWENTY THOUSAND OR MORE.

5 (5) "RURAL DEVELOPMENT GRANT PROGRAM" OR "GRANT  
6 PROGRAM" MEANS THE RURAL DEVELOPMENT GRANT PROGRAM CREATED  
7 IN SECTION 24-48.5-404.

8 (6) "RURAL DEVELOPMENT GRANT PROGRAM CASH FUND" OR  
9 "CASH FUND" MEANS THE RURAL DEVELOPMENT GRANT PROGRAM CASH  
10 FUND CREATED IN SECTION 24-48.5-407.

11 **24-48.5-404. Rural development grant program - created -**  
12 **guidelines.** (1) THERE IS HEREBY CREATED IN THE COLORADO OFFICE OF  
13 ECONOMIC DEVELOPMENT THE RURAL DEVELOPMENT GRANT PROGRAM TO  
14 PROVIDE GRANTS TO EARLY STAGE RURAL BUSINESSES.

15 (2) GRANT RECIPIENTS MAY USE THE MONEY RECEIVED THROUGH  
16 THE GRANT PROGRAM FOR DEVELOPING PROTOTYPES, PROOF OF BUSINESS  
17 CONCEPTS, OR PROOF OF BUSINESS MODELS.

18 (3) THE OFFICE SHALL ADMINISTER THE GRANT PROGRAM AND  
19 SHALL AWARD GRANTS AS PROVIDED IN THIS PART 4. GRANTS SHALL BE  
20 PAID OUT OF MONEY IN THE CASH FUND.

21 (4) (a) THE OFFICE SHALL IMPLEMENT THE GRANT PROGRAM IN  
22 ACCORDANCE WITH THIS PART 4 AND SHALL DEVELOP GUIDELINES FOR THE  
23 ADMINISTRATION OF THE GRANT PROGRAM, INCLUDING, BUT NOT LIMITED  
24 TO:

25 (I) APPLICATION REQUIREMENTS;     

26 (II) THE REVIEW PROCESS BY WHICH BUSINESSES WILL BE  
27 DETERMINED TO QUALIFY FOR THE GRANT PROGRAM; AND

1                   (III) THE ESTABLISHMENT OF A COLLABORATIVE EFFORT WITH THE  
2                   DEPARTMENT OF LOCAL AFFAIRS TO ENSURE THAT ALL PROGRAMS THAT  
3                   MAY ASSIST THE EARLY STAGE RURAL BUSINESS ARE MADE KNOWN TO THE  
4                   BUSINESS AND ARE FULLY CONSIDERED.

5                   (b) THE GUIDELINES MUST BE POSTED ON THE OFFICE'S WEBSITE NO  
6                   LATER THAN OCTOBER 1, 2019.

7                   **24-48.5-405. Rural development grant program - application**  
8                   **- criteria - awards. (1) TO BE ELIGIBLE FOR A GRANT, A BUSINESS SHALL:**

9                   (a) SECURE AT LEAST ONE-THIRD OF THE AMOUNT OF THE  
10                  REQUESTED GRANT IN MATCHING FUNDS FROM NONGOVERNMENTAL  
11                  SOURCES; AND

12                  (b) SUBMIT AN APPLICATION TO THE OFFICE IN ACCORDANCE WITH  
13                  ITS GUIDELINES. THE APPLICATION MUST INCLUDE THE FOLLOWING  
14                  INFORMATION:

15                  (I) A BUSINESS PLAN;

16                  (II) A BUSINESS MODEL;

17                  (III) THE AMOUNT OF THE REQUESTED GRANT AND AN  
18                  EXPLANATION OF THE INTENDED USE OF THE GRANT AWARD;

19                  (IV) THE NAMES OF KEY PERSONNEL, INCLUDING INVESTORS  
20                  HOLDING MORE THAN TEN PERCENT OF THE BUSINESS;

21                  (V) INFORMATION REGARDING THE REQUIRED MATCHING FUNDS,  
22                  INCLUDING AN IDENTIFICATION OF THE SOURCES OF ALL MATCHING FUNDS;  
23                  AND

24                  (VI) ANY OTHER INFORMATION REQUIRED BY THE OFFICE AS SET  
25                  FORTH IN ITS GUIDELINES.

26                  (2) (a) GRANTS MAY NOT EXCEED ONE HUNDRED FIFTY THOUSAND  
27                  DOLLARS PER EARLY STAGE RURAL BUSINESS PER YEAR.

1 (b) A BUSINESS MAY APPLY FOR A GRANT EVERY YEAR, AND THE  
2 OFFICE MAY AWARD A GRANT TO A PREVIOUS GRANT RECIPIENT SO LONG  
3 AS THE BUSINESS PROVIDES DOCUMENTATION REGARDING ITS SUCCESSFUL  
4 PROGRESS FROM THE PREVIOUS YEAR.

5 (3) THE OFFICE SHALL REVIEW THE APPLICATIONS RECEIVED  
6 PURSUANT TO THIS PART 4 IN A RIGOROUS, COMPETITIVE, MULTI-STAGE  
7 REVIEW PROCESS THAT MUST INCLUDE MULTIPLE STAKEHOLDERS.

8 (4) THE OFFICE SHALL AWARD GRANTS FROM THE CASH FUND ON  
9 OR BEFORE DECEMBER 1 OF EACH YEAR. EACH GRANT AWARD MUST  
10 INCLUDE ASSIGNED TARGETS FOR EACH AWARD RECIPIENT BASED ON THE  
11 APPLICATION, BUSINESS PLAN, AND BUSINESS MODEL FOR THAT EARLY  
12 STAGE RURAL BUSINESS. THE ASSIGNED TARGETS MUST PROVIDE SUCCESS  
13 INDICATORS FOR THAT PARTICULAR EARLY STAGE RURAL BUSINESS AND  
14 MUST BE RELEVANT FOR OTHER SIMILAR BUSINESS PLANS AND BUSINESS  
15 MODELS IN THE FUTURE.

16 (5) THE OFFICE SHALL ESTABLISH PROCESSES IN ITS GUIDELINES  
17 FOR THE RECAPTURE OF ANY AWARDED GRANTS IF A GRANT RECIPIENT  
18 DISSOLVES BEFORE THE GRANT MONEY CAN BE USED, OR FOR ANY OTHER  
19 REASON DEEMED REASONABLE BY THE OFFICE.

20 **24-48.5-406. Reporting requirements.** (1) ON OR BEFORE  
21 MARCH 15 AFTER THE FIRST GRANT AWARD AND ON OR BEFORE MARCH 15  
22 FOR TWO ADDITIONAL YEARS THEREAFTER, EACH EARLY STAGE RURAL  
23 BUSINESS THAT RECEIVES A GRANT THROUGH THE GRANT PROGRAM SHALL  
24 SUBMIT A REPORT TO THE OFFICE. THE REPORT MUST INCLUDE THE  
25 FOLLOWING INFORMATION:

26 (a) MILESTONE ACHIEVEMENTS;

27 (b) OPERATING METRICS INCLUDING REVENUE GROWTH, JOB

1 CREATION, AND RETENTION;  
2 (c) THE CREATION OF PRODUCT OR SERVICE PROTOTYPES;  
3 (d) A DEMONSTRATION OF PRODUCT OR SERVICE MARKET FIT;  
4 (e) THE RAISING OF ANY ADDITIONAL CAPITAL;  
5 (f) DETAILS REGARDING ANY PROPERTY ADVANCEMENTS;  
6 (g) DESCRIPTIONS OF ANY PRODUCT OR SERVICE LAUNCHES; AND  
7 (h) ANY OTHER INFORMATION OR METRICS THAT THE OFFICE  
8 REQUESTS IN ITS GUIDELINES.

9 (2) NOTWITHSTANDING SECTION 24-1-136 (11)(a)(I), ON OR  
10 BEFORE APRIL 15, 2020, AND ON OR BEFORE APRIL 15 EACH YEAR  
11 THEREAFTER FOR THE DURATION OF THE GRANT PROGRAM, THE OFFICE  
12 SHALL SUBMIT A SUMMARIZED REPORT TO THE FINANCE COMMITTEES OF  
13 THE SENATE AND THE HOUSE OF REPRESENTATIVES, OR ANY SUCCESSOR  
14 COMMITTEES, ON THE GRANT PROGRAM. AT A MINIMUM, THE REPORT MUST  
15 INCLUDE:

- 16 (a) THE NAME, TYPE, AND PHYSICAL LOCATION OF EACH EARLY  
17 STAGE RURAL BUSINESS THAT RECEIVED A GRANT AWARD;
- 18 (b) THE SUCCESSES AND FAILURES OF EACH EARLY STAGE RURAL  
19 BUSINESS; AND
- 20 (c) ANY OTHER ECONOMIC BENEFITS RESULTING FROM THE GRANT  
21 PROGRAM.

22 **24-48.5-407. Rural development grant program cash fund -**  
23 **creation. (1) THE RURAL DEVELOPMENT GRANT PROGRAM CASH FUND IS**  
24 **CREATED IN THE STATE TREASURY. THE CASH FUND CONSISTS OF:**

- 25 **(a) ANY GIFTS, GRANTS, OR DONATIONS CREDITED TO IT PURSUANT**  
26 **TO SUBSECTION (2) OF THIS SECTION;**
- 27 **(b) TWO MILLION FIVE HUNDRED THOUSAND DOLLARS, WHICH THE**

1 STATE TREASURER SHALL TRANSFER FROM THE GENERAL FUND TO THE  
2 CASH FUND ON JULY 1, 2019; AND

3 (c) ANY OTHER MONEY THAT THE GENERAL ASSEMBLY  
4 APPROPRIATES TO IT.

5 (2) THE OFFICE OF ECONOMIC DEVELOPMENT IS AUTHORIZED TO  
6 SEEK, ACCEPT, AND EXPEND GIFTS, GRANTS, OR DONATIONS FROM PRIVATE  
7 OR PUBLIC SOURCES FOR THE PURPOSES OF THE GRANT PROGRAM; EXCEPT  
8 THAT THE OFFICE MAY NOT ACCEPT A GIFT, GRANT, OR DONATION THAT IS  
9 SUBJECT TO CONDITIONS THAT ARE INCONSISTENT WITH THIS SECTION OR  
10 ANY OTHER LAW OF THE STATE. THE OFFICE SHALL TRANSMIT ALL PRIVATE  
11 AND PUBLIC MONEY RECEIVED THROUGH GIFTS, GRANTS, OR DONATIONS  
12 TO THE STATE TREASURER, WHO SHALL CREDIT THE SAME TO THE CASH  
13 FUND.

14 (3) THE MONEY IN THE CASH FUND IS CONTINUOUSLY  
15 APPROPRIATED TO THE OFFICE OF ECONOMIC DEVELOPMENT FOR THE  
16 PURPOSE OF AWARDING GRANTS ALLOWED BY THIS SECTION AND FOR ITS  
17 ADMINISTRATIVE COSTS ASSOCIATED WITH THE GRANT PROGRAM. THE  
18 OFFICE'S ADMINISTRATIVE EXPENSES FOR THE GRANT PROGRAM IN A  
19 FISCAL YEAR SHALL NOT EXCEED EIGHT PERCENT OF THE MONEY  
20 TRANSFERRED OR APPROPRIATED TO THE CASH FUND IN THE FISCAL YEAR.

21 (4) AS PROVIDED BY LAW, THE STATE TREASURER MAY INVEST ANY  
22 UNEXPENDED MONEY IN THE RURAL DEVELOPMENT GRANT PROGRAM CASH  
23 FUND. ALL INTEREST AND INCOME DERIVED FROM THE INVESTMENT AND  
24 DEPOSIT OF MONEY IN THE CASH FUND ARE CREDITED TO THE CASH FUND.  
25 ANY UNEXPENDED AND UNENCUMBERED MONEY REMAINING IN THE CASH  
26 FUND AT THE END OF A FISCAL YEAR SHALL NOT BE CREDITED OR  
27 TRANSFERRED TO THE GENERAL FUND OR ANOTHER FUND.



1                    **24-48.5-408. Repeal of part. THIS PART 4 IS REPEALED, EFFECTIVE**  
2                    **JULY 1, 2024.**

3                    **SECTION 2. Safety clause.** The general assembly hereby finds,  
4                    determines, and declares that this act is necessary for the immediate  
5                    preservation of the public peace, health, and safety.