

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

**PREAMENDED**

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

LLS NO. 20-0077.01 Esther van Mourik x4215

**HOUSE BILL 20-1003**

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**A BILL FOR AN ACT**

101 **CONCERNING MODIFICATIONS TO THE RURAL JUMP-START ZONE ACT.**

**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:

- ! Extends the rural jump-start program for an additional 5 years;
- ! Changes the existing competition clause to specify that a new business applying for rural jump-start program benefits cannot compete with an existing business in the rural jump-start zone in which the business will be located or in any distressed county that is contiguous to the rural

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.

- ! jump-start zone; and
- ! Adds economic development organizations as authorized entities to apply to:
  - ! Form a rural jump-start zone; or
  - ! To allow a new business to participate in the rural jump-start program.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-30.5-102, **amend**  
 3 (2) as follows:

4 **39-30.5-102. Legislative declaration.** (2) The general assembly  
 5 further finds and declares that:

6 (a) Establishing certain rural jump-start zones is best suited to  
 7 bring about the economic vitality so critically needed in those regions;

8 (b) EXTENDING THE "RURAL JUMP-START ZONE ACT" FOR  
 9 ANOTHER FIVE-YEAR PERIOD IS NECESSARY TO MEET THE PURPOSE OF THE  
 10 ACT, WHICH IS TO CREATE OR RETAIN JOBS IN ORDER TO HELP ADDRESS THE  
 11 STILL SIGNIFICANT CONTRACTION OF LOCAL ECONOMIES IN CERTAIN AREAS  
 12 OF THE STATE; AND

13 (c) WHEN THE STATE AUDITOR EVALUATES THE TAX  
 14 EXPENDITURES IN THE "RURAL JUMP-START ZONE ACT" AS REQUIRED IN  
 15 SECTION 39-21-305, THE EVALUATION CAN RELY ON CLEAR RELEVANT,  
 16 AND ASCERTAINABLE METRICS AND DATA PROVIDED BY THE COMMISSION  
 17 PURSUANT TO SECTION 39-30.5-107.

18 **SECTION 2.** In Colorado Revised Statutes, 39-30.5-103, **amend**  
 19 the introductory portion and (7)(d); and **add** (1.5) and (4.5) as follows:

20 **39-30.5-103. Definitions.** As used in this ~~article~~ ARTICLE 30.5,  
 21 unless the context otherwise requires:

22 (1.5) "COLORADO OFFICE OF ECONOMIC DEVELOPMENT" OR

1 "OFFICE" MEANS THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT  
2 CREATED IN SECTION 24-48.5-101.

3 (4.5) "ECONOMIC DEVELOPMENT ORGANIZATION" MEANS A  
4 NONPROFIT ORGANIZATION OR GOVERNMENTAL ENTITY SUCH AS A SMALL  
5 BUSINESS DEVELOPMENT CENTER, A BUSINESS ACCELERATOR OR  
6 INCUBATOR, A WORKFORCE CENTER, A LOCAL ECONOMIC DEVELOPER, OR  
7 OTHER SUCH ORGANIZATION OR ENTITY THAT PROMOTES LOCAL ECONOMIC  
8 DEVELOPMENT, BUT DOES NOT INCLUDE THE COMMISSION OR THE OFFICE.

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

10 (d) Is not substantially similar in operation to and, AT THE TIME  
11 THE NEW BUSINESS SUBMITS ITS APPLICATION TO PARTICIPATE IN THE  
12 RURAL JUMP-START ZONE PROGRAM, does not directly compete with the  
13 core function of a business that is operating in ~~the state at the time the~~  
14 ~~new business submits its application to a state institution of higher~~  
15 ~~education to participate in the rural jump-start zone program~~ THE RURAL  
16 JUMP-START ZONE IN WHICH THE NEW BUSINESS WILL BE LOCATED AND IN  
17 A DISTRESSED COUNTY CONTIGUOUS TO THE RURAL JUMP-START ZONE; and

18 **SECTION 3.** In Colorado Revised Statutes, 39-30.5-104, **amend**  
19 (1)(a) introductory portion, (1)(a)(III), (4), (5), (6)(a) introductory portion,  
20 (6)(a)(I), (6)(a)(III) introductory portion, (6)(a)(III)(B), (6)(b)  
21 introductory portion, (6)(b)(I), (7)(a), (7)(b)(I), (7)(b)(II), and (9); and  
22 **add** (4.5) as follows:

23 **39-30.5-104. Rural jump-start zone program requirements -**  
24 **commission guidelines - definitions.** (1) (a) The commission shall  
25 develop guidelines for the administration of the rural jump-start zone  
26 program created in this ~~article~~ ARTICLE 30.5, including, but not limited to:

27 (III) Guidelines concerning the process by which the commission

1 will determine whether a new business is not substantially similar in  
2 operation to and does not directly compete with the core function of a  
3 business that is operating in the ~~state~~ RURAL JUMP-START ZONE IN WHICH  
4 THE NEW BUSINESS WILL BE LOCATED AND IN A DISTRESSED COUNTY  
5 CONTIGUOUS TO THE RURAL JUMP-START ZONE at the time the new  
6 business submits its application to a state institution of higher education  
7 OR AN ECONOMIC DEVELOPMENT ORGANIZATION to participate in the rural  
8 jump-start zone program.

9 (4) (a) A state institution of higher education OR AN ECONOMIC  
10 DEVELOPMENT ORGANIZATION intending to participate in the rural  
11 jump-start zone program shall adopt a conflict of interest policy. The  
12 conflict of interest policy must provide that:

13 (I) A representative of the state institution of higher education OR  
14 THE ECONOMIC DEVELOPMENT ORGANIZATION may not use the  
15 relationship between the state institution of higher education OR THE  
16 ECONOMIC DEVELOPMENT ORGANIZATION and the new business as a  
17 means for inurement or private benefit to the representative of the state  
18 institution of higher education OR THE ECONOMIC DEVELOPMENT  
19 ORGANIZATION, any relative of such representative, or any business  
20 interests of such representative;

21 (II) A person who engages in the business of selling goods or  
22 services to a state institution of higher education OR TO AN ECONOMIC  
23 DEVELOPMENT ORGANIZATION, an employee of such person, or a person  
24 with a business interest in such person's business shall not vote on or  
25 participate in the administration by the state institution of higher  
26 education OR BY THE ECONOMIC DEVELOPMENT ORGANIZATION of any  
27 transaction with such business; and

1 (III) (A) Upon becoming aware of an actual or potential conflict  
2 of interest, a representative of the state institution of higher education OR  
3 THE ECONOMIC DEVELOPMENT ORGANIZATION shall advise the chief  
4 academic officers or executive director of the institution OR THE  
5 EXECUTIVE DIRECTOR OF THE ECONOMIC DEVELOPMENT ORGANIZATION  
6 of the conflict.

7 (B) Each state institution of higher education AND EACH  
8 ECONOMIC DEVELOPMENT ORGANIZATION shall maintain a written record  
9 of all disclosures made pursuant to ~~sub-subparagraph (A) of this~~  
10 ~~subparagraph (H)~~ SUBSECTION (4)(a)(III)(A) OF THIS SECTION.

11 (C) By January 31, 2016, and by January 31 of each year  
12 thereafter, a EACH state institution of higher education AND EACH  
13 ECONOMIC DEVELOPMENT ORGANIZATION shall provide the record  
14 maintained under ~~sub-subparagraph (B) of this subparagraph (H)~~  
15 SUBSECTION (4)(a)(III)(B) OF THIS SECTION to the commission.

16 (b) For the purposes of a conflict-of-interest policy developed  
17 under ~~paragraph (a) of this subsection (4)~~ SUBSECTION (4)(a) OF THIS  
18 SECTION:

19 (I) "Business interest" means that a representative:

20 (A) Owns or controls ten percent or more of the stock of the  
21 entity; or

22 (B) Serves as an officer, director, or partner of the entity.

23 (II) "Relative" means any person living in the same household as  
24 the representative of the state institution of higher education OR OF THE  
25 ECONOMIC DEVELOPMENT ORGANIZATION, any person who is a direct  
26 descendant of the representative's grandparents, or the spouse of such  
27 representative.

1 (III) "Representative of the state institution of higher education OR  
2 OF THE ECONOMIC DEVELOPMENT ORGANIZATION" means any employee  
3 with decision-making authority over the rural jump-start zone program.

4 (4.5) AN ECONOMIC DEVELOPMENT ORGANIZATION INTENDING TO  
5 PARTICIPATE IN THE RURAL JUMP-START ZONE PROGRAM MUST BE  
6 APPROVED BY THE COMMISSION AS ESTABLISHED IN THE COMMISSION'S  
7 GUIDELINES.

8 (5) A new business ~~shall~~ MUST apply to a state institution of  
9 higher education OR AN ECONOMIC DEVELOPMENT ORGANIZATION to  
10 participate in a rural jump-start zone program. The state institution of  
11 higher education OR ECONOMIC DEVELOPMENT ORGANIZATION shall  
12 require the new business to provide documentation that the new business  
13 meets the definition of new business as specified in section 39-30.5-103  
14 (7) and that the new hires will meet the definition of new hire as specified  
15 in section 39-30.5-103 (8). If the state institution of higher education OR  
16 ECONOMIC DEVELOPMENT ORGANIZATION approves the new business, then  
17 the state institution of higher education OR ECONOMIC DEVELOPMENT  
18 ORGANIZATION shall apply to the commission for the approval of a rural  
19 jump-start zone as specified in subsection (6) of this section and approval  
20 of the new business for the rural jump-start zone program benefits as  
21 specified in subsection (7) of this section.

22 (6) (a) Upon approving a new business as specified in subsection  
23 (5) of this section, the state institution of higher education OR ECONOMIC  
24 DEVELOPMENT ORGANIZATION shall submit a complete written application  
25 for approval for a rural jump-start zone to the commission by the deadline  
26 established in the commission's guidelines. The application must include:

27 (I) EITHER THE identification of:

1 (A) The state institution of higher education and identification of  
2 either the distressed county in which a campus is located or the distressed  
3 county that is included in the community college's service area or the  
4 regional education provider's service area; OR

5 (B) THE ECONOMIC DEVELOPMENT ORGANIZATION AND  
6 IDENTIFICATION OF THE DISTRESSED COUNTY IN WHICH THE ORGANIZATION  
7 IS LOCATED OR SERVES;

8 (III) Satisfactory documentation that there exists a relationship  
9 between the new business and the state institution of higher education OR  
10 BETWEEN THE NEW BUSINESS AND THE ECONOMIC DEVELOPMENT  
11 ORGANIZATION. Such documentation must show that:

12 (B) The mission and activities of the new business align with or  
13 further EITHER the academic mission of the state institution of higher  
14 education OR THE MISSION OF THE ECONOMIC DEVELOPMENT  
15 ORGANIZATION.

16 (b) A state institution of higher education OR ECONOMIC  
17 DEVELOPMENT ORGANIZATION may also submit a complete written  
18 application for approval for a rural jump-start zone to the commission by  
19 the deadlines established in the commission's guidelines when such state  
20 institution of higher education OR ECONOMIC DEVELOPMENT  
21 ORGANIZATION has not yet approved a new business as specified in  
22 subsection (5) of this section. In this case, the application must include:

23 (I) (A) Identification of the state institution of higher education  
24 and identification of either the distressed county in which a campus is  
25 located or the distressed county that is included in the community  
26 college's service area or the regional education provider's service area; OR

27 (B) IDENTIFICATION OF THE ECONOMIC DEVELOPMENT

1 ORGANIZATION AND IDENTIFICATION OF THE DISTRESSED COUNTY IN  
2 WHICH THE ORGANIZATION IS LOCATED OR SERVES.

3 (7) (a) The commission shall, at a public meeting properly  
4 noticed, review each application for a rural jump-start zone submitted by  
5 a state institution of higher education OR AN ECONOMIC DEVELOPMENT  
6 ORGANIZATION. Based on the application submitted and the commission's  
7 guidelines, the commission may approve the rural jump-start zone and  
8 may approve the new business for the rural jump-start zone program  
9 benefits specified in section 39-30.5-105; except that the commission may  
10 not approve more than three rural jump-start zones for the 2016 calendar  
11 year and may not approve any rural jump-start zones or approve any new  
12 businesses for the rural jump-start zone program benefits on and after  
13 ~~January 1, 2021~~ JANUARY 1, 2026. The commission may only approve a  
14 new business for the rural jump-start zone program benefits if the  
15 commission is satisfied that the new business meets the definition of new  
16 business as specified in section 39-30.5-103 (7), that the new hires will  
17 meet the definition of new hire as specified in section 39-30.5-103 (8),  
18 and that the new business will be located in the rural jump-start zone for  
19 which the state institution of higher education OR ECONOMIC  
20 DEVELOPMENT ORGANIZATION sought approval.

21 (b) (I) A new business that receives approval as specified in  
22 ~~paragraph (a) of this subsection (7)~~ SUBSECTION (7)(a) OF THIS SECTION  
23 for the rural jump-start zone program benefits must submit a request for  
24 the issuance of a credit certificate by the deadlines established in the  
25 commission's guidelines. The request must include an estimated amount,  
26 as calculated by the new business, of the income tax credits for the new  
27 business and any new hires and the sales and use tax refunds allowed in



1 section 39-30.5-105 and an estimated amount, as calculated by the new  
2 business, of incentive payments, exemptions, or refunds provided by local  
3 governments as specified in section 39-30.5-106.

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

12 (9) The Colorado office of economic development ~~created in~~  
13 ~~section 24-48.5-101, C.R.S.,~~ may make recommendations to the  
14 commission regarding any of the commission's duties and responsibilities  
15 outlined in this ~~article~~ ARTICLE 30.5, may provide staff assistance to the  
16 commission, and may assist the commission in administering the  
17 provisions of this ~~article~~ ARTICLE 30.5.

18 **SECTION 4.** In Colorado Revised Statutes, 39-30.5-105, **amend**  
19 (1)(a), (2)(a), (3)(a), and (3)(b) as follows:

20 **39-30.5-105. Rural jump-start zone program benefits.** (1) **New**  
21 **business income tax credit.** (a) (I) If a new business locates in a rural  
22 jump-start zone during the income tax years commencing on or after  
23 January 1, 2016, but before ~~January 1, 2021~~ JANUARY 1, 2026, and the  
24 commission has approved the new business for the rural jump-start zone  
25 program benefits as specified in section 39-30.5-104 (7)(a), then except  
26 as provided in ~~subparagraph (II) of this paragraph (a)~~ SUBSECTION  
27 (1)(a)(II) OF THIS SECTION, the new business is entitled to receive an

1 annual income tax credit in an amount equal to one hundred percent of  
2 the income taxes imposed by article 22 of this ~~title~~ TITLE 39 on the income  
3 derived from its activities in the rural jump-start zone for four consecutive  
4 income tax years beginning with the first income tax year designated by  
5 the commission in the first credit certificate. The commission shall  
6 conduct an annual review to verify that the new business continues to  
7 meet the requirements set forth in this ~~article~~ ARTICLE 30.5 and shall issue  
8 a credit certificate to the new business for every income tax year during  
9 the four-year period only if the commission is satisfied the requirements  
10 are being met.

11 (II) A new business may seek an extension of the four-year  
12 benefits period specified in ~~subparagraph (I) of this paragraph (a)~~  
13 SUBSECTION (1)(a)(I) OF THIS SECTION by completing a written application  
14 to the commission. The extension may not exceed an additional four  
15 years. The application for extension must include an explanation of the  
16 new business' need for the extension and any other information the  
17 commission deems necessary. In deciding whether to grant the extension,  
18 the commission must consider the state of the economy in the rural  
19 jump-start zone, the estimated demand for tax credits allowed in this  
20 section for other new businesses, and the importance of these credits in  
21 incentivizing the new business. The extension application must be  
22 considered at a regularly scheduled meeting of the commission where the  
23 public is allowed to comment.

24 (2) **New hire income tax credit.** (a) (I) Except as provided in  
25 section 39-30.5-104 (7)(b)(II) and ~~subparagraph (H) of this paragraph (a)~~  
26 SUBSECTION (2)(a)(II) OF THIS SECTION, if a new hire is employed by a  
27 new business, and the commission has approved the new business for the

1 rural jump-start zone program benefits as specified in section 39-30.5-104  
2 (7)(a), for income tax years commencing on or after January 1, 2016, but  
3 before ~~January 1, 2021~~ JANUARY 1, 2026, new hires are entitled to receive  
4 an income tax credit in an amount equal to one hundred percent of the  
5 income taxes imposed by article 22 of this ~~title~~ TITLE 39 on the new hire's  
6 wages paid by the new business for work performed in the rural  
7 jump-start zone for four consecutive income tax years beginning with the  
8 first income tax year in which the new hire is employed by the new  
9 business. The commission shall conduct an annual review to verify that  
10 the new hire and the new business continue to meet the requirements set  
11 forth in this ~~article~~ ARTICLE 30.5 and shall issue a credit certificate to the  
12 new business for each new hire for every income tax year during the  
13 four-year period only if the commission is satisfied the requirements are  
14 being met.

15 (II) A new business may seek an extension of the four-year  
16 benefits period specified in ~~subparagraph (I) of this paragraph (a)~~  
17 SUBSECTION (2)(a)(I) OF THIS SECTION by completing a written application  
18 to the commission. The extension may not exceed an additional four  
19 years. The application for extension must include an explanation of the  
20 new business' need for the extension and any other information the  
21 commission deems necessary. In deciding whether to grant the extension,  
22 the commission must consider the state of the economy in the rural  
23 jump-start zone, the estimated demand for tax credits allowed in this  
24 section for other new businesses, and the importance of these credits in  
25 incentivizing the new business. The extension application must be  
26 considered at a regularly scheduled meeting of the commission where the  
27 public is allowed to comment.

1           (3) **New business sales and use tax refund.** (a) Each new  
2 business is eligible for a refund for all sales and use taxes imposed under  
3 parts 1 and 2 of article 26 of this ~~title~~ TITLE 39 on the purchase of all  
4 tangible personal property acquired by the new business and used  
5 exclusively within the rural jump-start zone. Except as provided in  
6 ~~paragraph (b) of this subsection (3)~~ SUBSECTION (3)(b) OF THIS SECTION,  
7 the new business is eligible for the refund allowed in this ~~paragraph (a)~~  
8 SUBSECTION (3)(a) for four consecutive years beginning with the date the  
9 commission approved the new business for the rural jump-start zone  
10 program benefits as specified in section 39-30.5-104 (7)(a).

11           (b) A new business may seek an extension of the four-year period  
12 specified in ~~paragraph (a) of this subsection (3)~~ SUBSECTION (3)(a) OF  
13 THIS SECTION by completing a written application to the commission. The  
14 extension may not exceed an additional four years. The application for  
15 extension must include an explanation of the new business' need for the  
16 extension and any other information the commission deems necessary. In  
17 deciding whether to grant the extension, the commission must consider  
18 the state of the economy in the rural jump-start zone, the estimated  
19 demand for sales and use tax refunds allowed in this section for other new  
20 businesses, and the importance of the refund in incentivizing the new  
21 business. The extension application must be considered at a regularly  
22 scheduled meeting of the commission where the public is allowed to  
23 comment.

24           **SECTION 5.** In Colorado Revised Statutes, 39-30.5-107, **amend**  
25 **(1)** as follows:

26           **39-30.5-107. Rural jump-start zone reporting requirements.**  
27 **(1)** The commission shall annually post on the Colorado office of

1 economic development's website, and include in the commission's annual  
2 report required to be presented to the general assembly pursuant to section  
3 24-46-104 (2), ~~C.R.S.~~, the following information regarding any rural  
4 jump-start zone program benefits allowed under this ~~article~~ ARTICLE 30.5:

5 (a) The distressed county and interested municipalities that make  
6 up ~~the~~ EACH rural jump-start zone, THE NUMBER OF APPROVED RURAL  
7 JUMP-START ZONES, THE DISTRIBUTION OF NEW BUSINESSES ACROSS  
8 RURAL JUMP-START ZONES, AND THE NUMBER OF RURAL JUMP-START  
9 ZONES THAT HAVE GRADUATED FROM THE RURAL JUMP-START ZONE  
10 PROGRAM, INCLUDING A COMPARISON OF SUCH NUMBERS BEFORE AND  
11 AFTER THE RURAL JUMP-START PROGRAM RENEWAL IN 2020;

12 (b) The state institution of higher education OR ECONOMIC  
13 DEVELOPMENT ORGANIZATION that submitted the application;

14 (c) The name, TYPE, AND ACTIVE OR INACTIVE STATUS of ~~the~~ EACH  
15 APPROVED new business, INCLUDING WHETHER THE NEW BUSINESS IS IN AN  
16 ADVANCED INDUSTRY AS DEFINED IN SECTION 24-48.5-117 (2)(a), AND A  
17 COMPARISON OF THE TOTAL NUMBER OF APPROVED AND ACTIVE NEW  
18 BUSINESSES OVER TIME;

19 (d) ~~The type of new business~~ EVIDENCE OF ANY ANCILLARY  
20 ECONOMIC DEVELOPMENT OCCURRING IN ANY RURAL JUMP-START ZONE  
21 AS A RESULT OF THE RURAL JUMP-START PROGRAM;

22 (e) The tax year for which the first credit certificate is issued or  
23 the date the sales and use tax refund is authorized;

24 (f) The number of new hires hired AND THE NUMBER OF  
25 INDIVIDUALS HIRED BY A NEW BUSINESS THAT DO NOT MEET THE NEW HIRE  
26 DEFINITION SPECIFIED IN SECTION 39-30.5-103 (8);

27 (g) The average salary or hourly wage of each new hire;

1 (h) An estimated amount, as calculated by the new business, of the  
2 income tax credits for the new business and any new hires and the sales  
3 and use tax refunds allowed in section 39-30.5-105, and an estimated  
4 amount, as calculated by the new business, of incentive payments,  
5 exemptions, or refunds provided by local governments as allowed in  
6 section 39-30.5-106; and

7 (i) Any other economic benefits resulting from the rural jump-start  
8 zone program.

9 **SECTION 6. Act subject to petition - effective date -**  
10 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following  
11 the expiration of the ninety-day period after final adjournment of the  
12 general assembly (August 5, 2020, if adjournment sine die is on May 6,  
13 2020); except that, if a referendum petition is filed pursuant to section 1  
14 (3) of article V of the state constitution against this act or an item, section,  
15 or part of this act within such period, then the act, item, section, or part  
16 will not take effect unless approved by the people at the general election  
17 to be held in November 2020 and, in such case, will take effect on the  
18 date of the official declaration of the vote thereon by the governor.

19 (2) This act applies to applications submitted on or after the  
20 applicable effective date of this act.