

CHAPTER 236

GOVERNMENT - STATE

SENATE BILL 21-229

BY SENATOR(S) Danielson and Story, Bridges, Buckner, Cooke, Coram, Donovan, Fenberg, Ginal, Gonzales, Hansen, Hisey, Jaquez Lewis, Kolker, Moreno, Pettersen, Priola, Rankin, Scott, Simpson, Sonnenberg, Garcia;
also REPRESENTATIVE(S) Amabile and McKean, Bacon, Bernett, Bird, Bockenfeld, Caraveo, Catlin, Cutter, Duran, Esgar, Exum, Froelich, Gonzales-Gutierrez, Gray, Herod, Hooton, Jackson, Lontine, McCluskie, McCormick, McLachlan, Michaelson Jenet, Mullica, Ortiz, Pelton, Ricks, Roberts, Snyder, Valdez D., Will, Young, Garnett.

AN ACT

CONCERNING THE CREATION OF THE RURAL JUMP-START ZONE GRANT PROGRAM, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

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

SECTION 1. Legislative declaration. (1) The general assembly hereby finds and declares that:

(a) The rural jump-start zone program attracts businesses to rural and economically distressed parts of the state, thereby creating jobs and stimulating local economies;

(b) The rural jump-start zone program is one of the office of economic development's premiere programs dedicated solely to supporting rural businesses and the only program that provides direct benefits to those businesses' employees in addition to the businesses themselves;

(c) It is important to provide additional grant funds for new businesses in coal transition communities, or tier one transition communities, because even though actual closures of Colorado's remaining coal-fired power plants and any related closures of coal mines are at least several years off, jobs are already starting to disappear from these communities through attrition. Consequently, there is greater need in such communities for economic diversification and for the creation of new primary employers.

(d) House Bill 20-1003 was an important opportunity to expand interest and

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

garner more participation in the rural jump-start zone program and ensure that it works efficiently for all of rural Colorado; and

(e) Senate Bill 21-229 significantly expands the benefits that these new businesses are able to receive so that there is not just tax relief but also cash grants that increase the incentive for new businesses to move to rural Colorado to create jobs and stimulate local economies.

SECTION 2. In Colorado Revised Statutes, 39-30.5-103, **add** (12) as follows:

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

(12) "TIER ONE TRANSITION COMMUNITY" MEANS A COAL TRANSITION COMMUNITY THAT IS LOCATED IN A RURAL JUMP-START ZONE AND THAT THE OFFICE, WITH THE CONCURRENCE OF THE EXECUTIVE DIRECTORS OF THE DEPARTMENT OF LABOR AND EMPLOYMENT AND THE DEPARTMENT OF LOCAL AFFAIRS, DETERMINES HAS ALREADY EXPERIENCED OR IS AT RISK OF EXPERIENCING SIGNIFICANT ECONOMIC DISRUPTION, THE PROXIMATE CAUSE OF WHICH IS EITHER THE CLOSURE OR CONVERSION OF A COAL-FUELED ELECTRICAL POWER GENERATING PLANT IN COLORADO OR IN A CONTIGUOUS STATE OR A SUSTAINED AND LIKELY PERMANENT DECLINE IN BROADER COAL MARKETS DUE TO SIMILAR CLOSURES OR CONVERSIONS NATIONALLY AND GLOBALLY.

SECTION 3. In Colorado Revised Statutes, 39-30.5-104, **amend** (1)(a)(I), (1)(a)(II), and (1)(b); and **add** (7)(c) and (7)(d) as follows:

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

(I) Application requirements, INCLUDING APPLICATION REQUIREMENTS FOR THE GRANT PROGRAM UNDER SECTION 39-30.5-105 (5) AND SUBSECTIONS (7)(c) AND (7)(d) OF THIS SECTION;

(II) Guidelines regarding the issuing of credit certificates AND GRANTS; and

(b) The guidelines must be posted on the Colorado office of economic development's website no later than December 1, 2015. ALL UPDATED GUIDELINES MUST BE POSTED ON THE OFFICE'S WEBSITE NO LATER THAN DECEMBER 1 OF ANY YEAR IN WHICH THE GUIDELINES ARE UPDATED.

(7) (c) (I) A NEW BUSINESS THAT RECEIVES APPROVAL AS SPECIFIED IN SUBSECTION (7)(a) OF THIS SECTION FOR THE RURAL JUMP-START ZONE PROGRAM BENEFITS MAY BE AWARDED GRANTS, AT THE COMMISSION'S DISCRETION:

(A) FOR THE ESTABLISHMENT OF OPERATIONS IN A RURAL JUMP-START ZONE; AND

(B) FOR EACH NEW HIRE WHO MEETS THE REQUIREMENTS OF SECTION 39-30.5-103 (8), AND WHO IS EITHER HIRED BY THE NEW BUSINESS UPON ESTABLISHING

OPERATIONS IN A RURAL JUMP-START ZONE, OR IN THE YEARS AFTER ESTABLISHING OPERATIONS IN A RURAL JUMP-START ZONE; EXCEPT THAT THE GRANTS ALLOWED IN THIS SUBSECTION (7)(c)(I)(B) MUST BE CALCULATED ON AN ANNUAL BASIS AND MAY ONLY BE AWARDED ONE TIME FOR EACH NEW HIRE BASED ON THE NEW HIRE'S FEDERAL FORM W-2.

(II) THE COMMISSION MAY ISSUE GRANTS, SUBJECT TO SUBSECTION (7)(c)(I) OF THIS SECTION AND SUBJECT TO AVAILABLE APPROPRIATIONS, AS FOLLOWS:

(A) UP TO TWENTY THOUSAND DOLLARS TO NEW BUSINESSES TO ESTABLISH OPERATIONS;

(B) UP TO FORTY THOUSAND DOLLARS TO NEW BUSINESSES TO ESTABLISH OPERATIONS IN A TIER ONE TRANSITION COMMUNITY;

(C) UP TO TWO THOUSAND FIVE HUNDRED DOLLARS TO NEW BUSINESSES FOR EACH NEW HIRE; OR

(D) UP TO FIVE THOUSAND DOLLARS TO NEW BUSINESSES FOR EACH NEW HIRE WHO IS HIRED BY THE NEW BUSINESS THAT IS LOCATED IN A TIER ONE TRANSITION COMMUNITY.

(III) THE COMMISSION MAY ESTABLISH ADDITIONAL TERMS AND CONDITIONS THAT IT DEEMS APPROPRIATE IN AWARDING GRANTS UNDER THIS SUBSECTION (7)(c).

(IV) GRANTS ALLOWED UNDER THIS SUBSECTION (7)(c) MAY ONLY BE AWARDED TO A NEW BUSINESS IF THE NEW BUSINESS MEETS THE ELIGIBILITY REQUIREMENTS FOR THE TAX BENEFITS SET FORTH IN THIS ARTICLE 30.5.

(d)(I) THE COMMISSION MAY ISSUE GRANTS, AT THE COMMISSION'S DISCRETION, SUBJECT TO THIS SUBSECTION (7)(d), AND SUBJECT TO AVAILABLE APPROPRIATIONS, NOT TO EXCEED THIRTY THOUSAND DOLLARS PER APPLICANT, TO A STATE INSTITUTION OF HIGHER EDUCATION OR AN ECONOMIC DEVELOPMENT ORGANIZATION THAT COLLABORATES WITH A NEW BUSINESS THAT RECEIVED APPROVAL FOR THE RURAL JUMP-START ZONE PROGRAM BENEFITS UNDER SUBSECTION (7)(a) OF THIS SECTION, IN ORDER TO SUPPORT THE NEW BUSINESS IN MEETING THE PURPOSES OUTLINED IN SUBSECTION (7)(c) OF THIS SECTION.

(II) WHEN CONSIDERING WHETHER TO ISSUE A GRANT TO A STATE INSTITUTION OF HIGHER EDUCATION OR AN ECONOMIC DEVELOPMENT ORGANIZATION, AND WHEN CONSIDERING THE SIZE OF THE GRANT, THE COMMISSION SHALL REVIEW:

(A) AN APPLICANT'S REAL AND DEMONSTRATED COSTS RESULTING FROM THE COLLABORATION WITH A NEW BUSINESS;

(B) OTHER NONMONETARY BENEFITS AFFORDED TO THE APPLICANT IN COLLABORATING WITH A NEW BUSINESS;

(C) THE NUMBER OF NEW BUSINESSES THE APPLICANT IS CURRENTLY COLLABORATING WITH AND LIKELY TO COLLABORATE WITH IN THE FUTURE;

(D) WHETHER THE GRANT WILL SUPPORT WORKFORCE DEVELOPMENT AND APPLIED RESEARCH PROJECTS BEING CARRIED OUT BY THE STATE INSTITUTION OF HIGHER EDUCATION OR THE ECONOMIC DEVELOPMENT ORGANIZATION IN CONCERT WITH NEW BUSINESSES; AND

(E) ANY OTHER FACTS THE COMMISSION DEEMS NECESSARY WHEN CONSIDERING THE OVERALL MISSION OF THE RURAL JUMP-START ZONE PROGRAM AND THE ROLE OF THE APPLICANT IN FURTHERING THAT MISSION.

(III) THE COMMISSION MAY ESTABLISH ADDITIONAL TERMS AND CONDITIONS THAT IT DEEMS APPROPRIATE IN AWARDING GRANTS UNDER THIS SUBSECTION (7)(d), INCLUDING THE SIZE OF THE GRANT.

(IV) GRANTS AWARDED UNDER THIS SUBSECTION (7)(d) MAY ONLY BE AWARDED TO A STATE INSTITUTION OF HIGHER EDUCATION OR AN ECONOMIC DEVELOPMENT ORGANIZATION IF THE GRANT RECIPIENT MEETS THE ELIGIBILITY REQUIREMENTS SET FORTH IN THIS ARTICLE 30.5.

SECTION 4. In Colorado Revised Statutes, 39-30.5-105, **add** (5) as follows:

39-30.5-105. Rural jump-start zone program benefits. (5) Grant program.

(a) THERE IS HEREBY CREATED IN THE OFFICE THE RURAL JUMP-START ZONE GRANT PROGRAM, REFERRED TO IN THIS SUBSECTION (5) AS THE "GRANT PROGRAM", TO PROVIDE GRANTS FOR NEW BUSINESSES IN ADDITION TO THE TAX BENEFITS SET FORTH IN THIS ARTICLE 30.5, AND TO PROVIDE GRANTS TO STATE INSTITUTIONS OF HIGHER EDUCATION OR TO ECONOMIC DEVELOPMENT ORGANIZATIONS.

(b) THE OFFICE SHALL ADMINISTER THE GRANT PROGRAM AND THE COMMISSION SHALL AWARD GRANTS, IN ACCORDANCE WITH THIS SUBSECTION (5) AND SECTION 39-30.5-104 (7)(c) AND (7)(d). SUBJECT TO AVAILABLE APPROPRIATIONS, GRANTS SHALL BE PAID OUT OF THE RURAL JUMP-START ZONE GRANT FUND ACCOUNT IN THE COLORADO ECONOMIC DEVELOPMENT FUND CREATED IN SECTION 24-46-105 (7).

(c) THE OFFICE SHALL ISSUE GUIDELINES TO IMPLEMENT THE GRANT PROGRAM AS SPECIFIED IN SECTION 39-30.5-104 (1)(a).

SECTION 5. In Colorado Revised Statutes, 39-30.5-107, **amend** (1)(h); and **add** (1)(a.5) and (1)(h.5) as follows:

39-30.5-107. Rural jump-start zone reporting requirements. (1) The commission shall annually post on the Colorado office of economic development's website, and include in the commission's annual report required to be presented to the general assembly pursuant to section 24-46-104 (2), the following information regarding any rural jump-start zone program benefits allowed under this article 30.5:

(a.5) INFORMATION REGARDING THE TIER ONE TRANSITION COMMUNITIES THAT ARE A PART OF ANY RURAL JUMP-START ZONES;

(h) An estimated amount, as calculated by the new business, of the income tax credits for the new business and any new hires and the sales and use tax refunds allowed in section 39-30.5-105, and an estimated amount, as calculated by the new

business, of incentive payments, exemptions, or refunds provided by local governments as allowed in section 39-30.5-106; ~~and~~

(h.5) THE TYPES OF GRANTS, GRANT AMOUNTS, AND INFORMATION REGARDING GRANT RECIPIENTS FOR ALL GRANTS AWARDED UNDER SECTION 39-30.5-105 (5); AND

SECTION 6. In Colorado Revised Statutes, 24-46-105, **amend** (4)(b); and **add** (7) as follows:

24-46-105. Colorado economic development fund - creation - repeal. (4) (b) The provisions of this subsection (4) do not apply to the following:

(I) A nonprofit entity; ~~or~~

(II) An intern or trainee who is under the age of twenty-one and who is employed for a period of not longer than three months; OR

(III) GRANTS AWARDED TO NEW BUSINESSES UNDER THE RURAL JUMP-START ZONE ACT UNDER SECTION 39-30.5-105 (5).

(7) (a) THERE IS HEREBY CREATED AN ACCOUNT WITHIN THE COLORADO ECONOMIC DEVELOPMENT FUND ESTABLISHED PURSUANT TO SUBSECTION (1) OF THIS SECTION TO BE KNOWN AS THE RURAL JUMP-START ZONE GRANT FUND ACCOUNT. THE ACCOUNT CONSISTS OF ANY MONEY APPROPRIATED TO THE FUND BY THE GENERAL ASSEMBLY. THE MONEY IN THE ACCOUNT IS SUBJECT TO ANNUAL APPROPRIATION BY THE GENERAL ASSEMBLY FOR THE PURPOSES SET FORTH IN THIS SUBSECTION (7). ANY MONEY NOT EXPENDED OR ENCUMBERED FROM ANY APPROPRIATION AT THE END OF ANY FISCAL YEAR REMAINS AVAILABLE FOR EXPENDITURE IN THE NEXT FISCAL YEAR WITHOUT FURTHER APPROPRIATION. THE MONEY IN THE ACCOUNT MAY BE USED:

(I) BY THE COMMISSION TO MAKE GRANTS AS SET FORTH IN SECTIONS 39-30.5-104 (7)(c) AND (7)(d) AND 39-30.5-105 (5); AND

(II) FOR THE DIRECT AND INDIRECT COSTS THAT THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT INCURS, NOT TO EXCEED ONE HUNDRED THOUSAND DOLLARS PER FISCAL YEAR, TO ADMINISTER THE RURAL JUMP-START ZONE GRANT PROGRAM UNDER SECTION 39-30.5-105 (5).

(b) THIS SUBSECTION (7) IS REPEALED, EFFECTIVE JULY 1, 2024. ANY MONEY REMAINING IN THE RURAL JUMP-START ZONE GRANT FUND ACCOUNT ON JUNE 30, 2024, REVERTS TO THE GENERAL FUND.

SECTION 7. Appropriation. (1) For the 2021-22 state fiscal year, \$3,000,000 is appropriated to the rural jump-start zone grant fund account in the Colorado economic development fund created in section 24-46-105 (7), C.R.S. This appropriation is from the general fund. The Colorado office of economic development is responsible for the accounting related to this appropriation.

(2) For the 2021-22 state fiscal year, \$3,000,000 is appropriated to the office of

the governor for use by economic development programs as specified in section 24-46-105 (7), C.R.S. This appropriation is from reappropriated funds in the rural jump-start zone grant fund account under subsection (1) of this section, and is based on the assumption that the office will require an additional 0.5 FTE. To implement this act, the office may use this appropriation for rural jump-start.

SECTION 8. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety.

Approved: June 15, 2021