

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

INTRODUCED

LLS NO. 19-0335.01 Esther van Mourik x4215

SENATE BILL 19-067

SENATE SPONSORSHIP

Coram,

HOUSE SPONSORSHIP

(None),

Senate Committees

Finance
Appropriations

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF THE RURAL DEVELOPMENT GRANT**
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>.)

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

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.

capital financing, have raised less than five hundred thousand dollars of 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.

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,

1 PROSPER, AND CONTRIBUTE TO THE WHOLE, FROM WHICH ALL BENEFIT.

2 (2) THE GENERAL ASSEMBLY FURTHER FINDS THAT:

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

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

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

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

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

24 (3) "GUIDELINES" MEANS THE GUIDELINES FOR THE
25 ADMINISTRATION OF THE GRANT PROGRAM DESCRIBED IN SECTION
26 24-48.5-404 (4).

27 (4) "RURAL AREA" MEANS:

1 (a) A COUNTY IN THE STATE WITH A POPULATION OF FEWER THAN
2 THIRTY THOUSAND; OR

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

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

9 **24-48.5-404. Rural development grant program - created -**
10 **guidelines.** (1) THERE IS HEREBY CREATED IN THE COLORADO OFFICE OF
11 ECONOMIC DEVELOPMENT THE RURAL DEVELOPMENT GRANT PROGRAM TO
12 PROVIDE GRANTS TO EARLY STAGE RURAL BUSINESSES.

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

16 (3) THE OFFICE SHALL ADMINISTER THE GRANT PROGRAM AND,
17 SUBJECT TO AVAILABLE APPROPRIATIONS, SHALL AWARD GRANTS AS
18 PROVIDED IN THIS PART 4. SUBJECT TO AVAILABLE APPROPRIATIONS,
19 GRANTS SHALL BE PAID OUT OF MONEY ANNUALLY APPROPRIATED TO THE
20 GRANT PROGRAM AS PROVIDED IN SECTION 24-48.5-407.

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; AND

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

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

3 **24-48.5-405. Rural development grant program - application**

4 **- criteria - awards.** (1) TO BE ELIGIBLE FOR A GRANT, A BUSINESS SHALL:

5 (a) SECURE AT LEAST ONE-THIRD OF THE AMOUNT OF THE
6 REQUESTED GRANT IN MATCHING FUNDS FROM NONGOVERNMENTAL
7 SOURCES; AND

8 (b) SUBMIT AN APPLICATION TO THE OFFICE IN ACCORDANCE WITH
9 ITS GUIDELINES. THE APPLICATION MUST INCLUDE THE FOLLOWING
10 INFORMATION:

11 (I) A BUSINESS PLAN;

12 (II) A BUSINESS MODEL;

13 (III) THE AMOUNT OF THE REQUESTED GRANT AND AN
14 EXPLANATION OF THE INTENDED USE OF THE GRANT AWARD;

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

17 (V) INFORMATION REGARDING THE REQUIRED MATCHING FUNDS,
18 INCLUDING AN IDENTIFICATION OF THE SOURCES OF ALL MATCHING FUNDS;
19 AND

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

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

24 (b) A BUSINESS MAY APPLY FOR A GRANT EVERY YEAR, AND THE
25 OFFICE MAY AWARD A GRANT TO A PREVIOUS GRANT RECIPIENT SO LONG
26 AS THE BUSINESS PROVIDES DOCUMENTATION REGARDING ITS SUCCESSFUL
27 PROGRESS FROM THE PREVIOUS YEAR.

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

4 (4) SUBJECT TO AVAILABLE APPROPRIATIONS, ON OR BEFORE
5 DECEMBER 1 EACH YEAR OF THE GRANT PROGRAM, THE OFFICE SHALL
6 AWARD GRANTS AS PROVIDED IN THIS PART 4. EACH GRANT AWARD MUST
7 INCLUDE ASSIGNED TARGETS FOR EACH AWARD RECIPIENT BASED ON THE
8 APPLICATION, BUSINESS PLAN, AND BUSINESS MODEL FOR THAT EARLY
9 STAGE RURAL BUSINESS. THE ASSIGNED TARGETS MUST PROVIDE SUCCESS
10 INDICATORS FOR THAT PARTICULAR EARLY STAGE RURAL BUSINESS AND
11 MUST BE RELEVANT FOR OTHER SIMILAR BUSINESS PLANS AND BUSINESS
12 MODELS IN THE FUTURE.

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

17 **24-48.5-406. Reporting requirements.** (1) ON OR BEFORE
18 MARCH 15 AFTER THE FIRST GRANT AWARD AND ON OR BEFORE MARCH 15
19 FOR TWO ADDITIONAL YEARS THEREAFTER, EACH EARLY STAGE RURAL
20 BUSINESS THAT RECEIVES A GRANT THROUGH THE GRANT PROGRAM SHALL
21 SUBMIT A REPORT TO THE OFFICE. THE REPORT MUST INCLUDE THE
22 FOLLOWING INFORMATION:

- 23 (a) MILESTONE ACHIEVEMENTS;
- 24 (b) OPERATING METRICS INCLUDING REVENUE GROWTH, JOB
25 CREATION, AND RETENTION;
- 26 (c) THE CREATION OF PRODUCT OR SERVICE PROTOTYPES;
- 27 (d) A DEMONSTRATION OF PRODUCT OR SERVICE MARKET FIT;

- 1 (e) THE RAISING OF ANY ADDITIONAL CAPITAL;
- 2 (f) DETAILS REGARDING ANY PROPERTY ADVANCEMENTS;
- 3 (g) DESCRIPTIONS OF ANY PRODUCT OR SERVICE LAUNCHES; AND
- 4 (h) ANY OTHER INFORMATION OR METRICS THAT THE OFFICE
- 5 REQUESTS IN ITS GUIDELINES.

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

13 (a) THE NAME, TYPE, AND PHYSICAL LOCATION OF EACH EARLY
14 STAGE RURAL BUSINESS THAT RECEIVED A GRANT AWARD;

15 (b) THE SUCCESSES AND FAILURES OF EACH EARLY STAGE RURAL
16 BUSINESS; AND

17 (c) ANY OTHER ECONOMIC BENEFITS RESULTING FROM THE GRANT
18 PROGRAM.

19 **24-48.5-407. Funding for grant program.** THE GENERAL
20 ASSEMBLY SHALL ANNUALLY APPROPRIATE MONEY FROM THE GENERAL
21 FUND TO THE OFFICE TO IMPLEMENT THE GRANT PROGRAM. THE OFFICE
22 MAY USE A PORTION OF THE MONEY ANNUALLY APPROPRIATED FOR THE
23 GRANT PROGRAM TO PAY THE DIRECT AND INDIRECT COSTS THAT THE
24 OFFICE INCURS TO ADMINISTER THE GRANT PROGRAM.

25 **SECTION 2. Appropriation.** For the 2019-20 state fiscal year,
26 \$2,500,000 is appropriated to the governor for use by the Colorado office
27 of economic development. This appropriation is from the general fund

1 and is based on an assumption that the office will require one additional
2 FTE. To implement this act, the Colorado office of economic
3 development may use this appropriation for the rural development grant
4 program.

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