



**Legislative
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FISCAL NOTE

Drafting Number: LLS 19-0335
Prime Sponsors: Sen. Coram

Date: January 28, 2019
Bill Status: Senate Finance
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Bill Topic: RURAL DEVELOPMENT GRANT PROGRAM CREATION

- Summary of Fiscal Impact:**
- State Revenue
 - State Expenditure
 - State Transfer
 - TABOR Refund
 - Local Government
 - Statutory Public Entity

This bill creates a grant program for rural businesses to be administered by the Office of Economic Development and International Trade. It will increase state expenditures beginning in FY 2019-20.

Appropriation Summary: The bill includes an appropriation of \$2,500,000 to the Office of Economic Development and International Trade.

Fiscal Note Status: This fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under SB 19-067**

		FY 2019-20	FY 2020-21
Revenue		-	-
Expenditures	General Fund	\$2,500,000	\$2,500,000
	Centrally Appropriated	\$31,371	\$30,850
	Total	\$2,531,371	\$2,530,850
	Total FTE	0.9 FTE	1.0 FTE
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

This bill creates the Rural Development Grant Program in the Office of Economic Development and International Trade (OEDIT) to provide grants to early stage rural businesses, and appropriates \$2.5 million from the General Fund to the new program.

Grants are not to exceed \$150,000 per business per year and may be used for developing prototypes, proof of business concepts, or proof of business models. To be eligible for a grant, a business must secure at least one-third of the requested grant amount in matching funds from non-governmental sources. The bill defines a rural area as a county with a population under 30,000, or a municipality with a population under 20,000 that is not contiguous with another municipality with a population of 20,000 or more.

OEDIT is required to implement and administer the grant program. The office must develop guidelines for the grant application and review process by October 1, 2019. Each year, the office must award grants on or before December 1; receive reports from grant recipients on or before March 15; and report to the General Assembly on or before April 15.

State Expenditures

Beginning in FY 2019-20, this bill will increase state General Fund expenditures by \$2.5 million per year. Expenditures are shown in Table 2 and described below.

Table 2
Expenditures Under SB 19-067

	FY 2019-20	FY 2020-21
Office of Economic Development		
Personal Services	\$64,199	\$70,036
Operating Expenses and Capital Outlay Costs	\$5,653	\$950
Computer Programming	\$10,000	-
Travel	\$13,500	\$13,500
Marketing	\$2,000	\$3,000
Grants to Rural Businesses	\$2,404,648	\$2,412,514
Centrally Appropriated Costs*	\$31,371	\$30,850
Total Cost	\$2,531,371	\$2,530,850
Total FTE	0.9 FTE	1.0 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Administrative costs. Using the Advanced Industries Acceleration Grant Program as a proxy, OEDIT will hire 1.0 FTE project manager to oversee the newly created grant program. Standard operating and capital outlay costs are included and first-year costs reflect the General Fund pay date shift. Additional costs for one-time computer programming, as well as ongoing travel and marketing events, are also included.

Grants to rural businesses. Assuming that each grant recipient receives the maximum amount allowed under the bill, \$150,000, OEDIT will award approximately 16 grants to rural businesses at a total cost of approximately \$2.4 million each year.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$31,371 in FY 2019-20 and \$30,850 in FY 2020-21.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2019-20, the bill includes a General Fund appropriation of \$2,500,000 to the Office of Economic Development and International Trade. The bill also requires an allocation of 0.9 FTE.

State and Local Government Contacts

Governor

Information Technology

Office of Economic Development