

**Second Regular Session
Seventieth General Assembly
STATE OF COLORADO**

PREAMENDED

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

LLS NO. 16-0036.01 Jery Payne x2157

HOUSE BILL 16-1226

HOUSE SPONSORSHIP

Young and Arndt, Coram, Vigil

SENATE SPONSORSHIP

Grantham,

House Committees

Agriculture, Livestock, & Natural Resources
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING A PROGRAM FOR FUNDING THE DEVELOPMENT OF**
102 **AGRICULTURAL BUSINESSES, AND, IN CONNECTION THEREWITH,**
103 **MAKING AN 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://www.leg.state.co.us/bills summaries>.)

The bill creates an agricultural grant and reimbursement program within the department of agriculture. The Colorado agricultural value-added development board will oversee the program. The board will create an advisory body containing people with expertise in technology, agriculture, business, and finance.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

The following grants and requirements are established:

To be eligible for a proof-of-concept and feasibility study grant, the applicant must:

- ! Submit a description of the project;
- ! Provide an analysis of the potential economic benefit or competitive advantage for Colorado agriculture; and
- ! Have a dedicated source of funding that is at least 25% of the amount of the requested grant.

To be eligible for an early-stage capital and business-expansion grant, an applicant must:

- ! Be headquartered in Colorado, have at least 50% of the applicant's employees residing in Colorado, or indicate that Colorado's agricultural industry will be the primary beneficiary of the project;
- ! Submit a description outlining the need for capital;
- ! Provide an analysis indicating that the project could enhance the commercialization of an agricultural product or service within Colorado; and
- ! Have a dedicated source of funding that is at least equal to the amount of the requested grant.

To be eligible for a reimbursement of market development and promotion expenses, the applicant must:

- ! Employ fewer than 100 employees;
- ! Be headquartered in Colorado, have at least 50% of the applicant's employees residing in Colorado, or indicate that Colorado's agricultural industry will be the primary beneficiary of the project;
- ! Have a product that is market-ready;
- ! Have a dedicated source of funding that is at least half the amount of the requested grant; and
- ! Have a project and reimbursable expenses authorized by the board before the applicant incurs the expense.

The bill sets basic requirements for the programs and authorizes the board to establish administration policies. Funding limits are placed on each grant or reimbursement. Rural counties are given priority.

An appropriation is made to implement the bill.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds that:

4 (a) Colorado's food and agriculture industry contributes annually

1 more than forty billion dollars to the state's economy and supports more
2 than one hundred seventy thousand jobs;

3 (b) The food and agriculture industry accounts for at least one of
4 every ten jobs in nearly one-half of Colorado's counties;

5 (c) Colorado food and agricultural product exports have tripled in
6 the past decade, now exceeding two billion dollars annually, and are
7 purchased by customers in nearly one hundred twenty countries around
8 the world;

9 (d) Colorado's food and agriculture industry is recognized as a key
10 industry network for advancing the Colorado blueprint for economic
11 development, addressing the core objectives of:

12 (I) Building a business-friendly environment;

13 (II) Recruiting, growing, and retaining businesses;

14 (III) Increasing access to capital;

15 (IV) Creating and marketing a stronger Colorado brand;

16 (V) Educating and training the future work force; and

17 (VI) Cultivating innovation and technology;

18 (e) Colorado's food and beverage manufacturing jobs increased by
19 eight percent from 2008 to 2013, generating one thousand nine hundred
20 new jobs during a time when Colorado's total jobs from manufacturing
21 decreased six and seven-tenths percent, an overall loss of nineteen
22 thousand five hundred jobs; and

23 (f) In November 2014, a Colorado State University study
24 identified the emergence of a food and agriculture innovation cluster in
25 Colorado and a need for greater access to capital to assist in the creation
26 and growth of food and agricultural businesses.

27 (2) The general assembly therefore declares that the creation of a

1 development, investment, and promotional program for agriculture will:

2 (a) Help advance innovations and technologies for the benefit of
3 Colorado's food and agriculture industry and all of Colorado; and

4 (b) Help homegrown businesses and expertise stay in rural
5 Colorado.

6 (3) The general assembly intends that this grant program will, to
7 the extent feasible and reasonable, primarily benefit rural counties of
8 Colorado.

9 **SECTION 2.** In Colorado Revised Statutes, **add** 35-75-206 as
10 follows:

11 **35-75-206. Agricultural innovations and market promotion -**
12 **repeal.** (1) (a) **Program administered by board.** THERE IS HEREBY
13 CREATED THE AGRICULTURAL DEVELOPMENT AND INVESTMENT
14 PARTNERSHIP PROGRAM TO AID AGRICULTURAL INNOVATION AND SUPPORT
15 PROMOTIONAL MARKETING OPPORTUNITIES FOR AGRICULTURAL PRODUCTS
16 AND SERVICES. THE BOARD SHALL ADMINISTER THE PROGRAM, WHICH
17 INCLUDES PROOF-OF-CONCEPT AND FEASIBILITY STUDY GRANTS,
18 EARLY-STAGE CAPITAL AND BUSINESS-EXPANSION GRANTS, AND
19 REIMBURSEMENT OF MARKET DEVELOPMENT AND PROMOTION EXPENSES.

20 (b) THE BOARD SHALL APPOINT A SEVEN-MEMBER ADVISORY BODY
21 TO REVIEW GRANT AND REIMBURSEMENT APPLICATIONS. THE ADVISORY
22 BODY MUST CONTAIN AT LEAST ONE MEMBER WHO REPRESENTS THE
23 BOARD AND ONE MEMBER WITH EXPERTISE AND EXPERIENCE IN EACH OF
24 THE FOLLOWING FIELDS: TECHNOLOGY AND SCIENCE, AGRICULTURAL
25 PRODUCTION, BUSINESS MANAGEMENT, AND FINANCE.

26 (c) THE ADVISORY BODY SERVES AT THE PLEASURE OF THE BOARD.

27 (d) THE ADVISORY BODY SHALL REVIEW EACH APPLICATION AND

1 MAKE RECOMMENDATIONS TO THE BOARD.

2 (2) **Proof-of-concept and feasibility study grant.** (a) TO BE
3 ELIGIBLE FOR A PROOF-OF-CONCEPT AND FEASIBILITY STUDY GRANT, AN
4 APPLICANT MUST:

5 (I) SUBMIT A DESCRIPTION OF THE PROJECT;

6 (II) PROVIDE AN ANALYSIS OF THE POTENTIAL ECONOMIC BENEFIT
7 OR COMPETITIVE ADVANTAGE OF THE PROJECT FOR COLORADO
8 AGRICULTURE; AND

9 (III) HAVE FUNDING DEDICATED TO THE PROJECT THAT IS AT LEAST
10 TWENTY-FIVE PERCENT OF THE AMOUNT OF THE REQUESTED GRANT.

11 (b) THE BOARD SHALL NOT AWARD A GRANT OF MORE THAN ONE
12 HUNDRED THOUSAND DOLLARS.

13 (3) **Early-stage capital and business-expansion grant.** (a) TO
14 BE ELIGIBLE FOR AN EARLY-STAGE CAPITAL AND BUSINESS-EXPANSION
15 GRANT, AN APPLICANT MUST:

16 (I) BE HEADQUARTERED IN COLORADO, HAVE AT LEAST A
17 TWO-THIRDS MAJORITY OF THE APPLICANT'S EMPLOYEES RESIDING IN
18 COLORADO, OR INDICATE THAT COLORADO'S AGRICULTURAL INDUSTRY
19 WILL BE THE PRIMARY BENEFICIARY OF THE PROJECT;

20 (II) SUBMIT A DESCRIPTION OUTLINING THE NEED FOR CAPITAL;

21 (III) PROVIDE AN ANALYSIS INDICATING THAT THE SCOPE OF THE
22 PROJECT COULD ENHANCE THE COMMERCIALIZATION OF AN
23 AGRICULTURAL PRODUCT OR SERVICE WITHIN COLORADO; AND

24 (IV) HAVE FUNDING DEDICATED TO THE PROJECT THAT IS AT LEAST
25 EQUAL TO THE AMOUNT OF THE REQUESTED GRANT.

26 (b) THE BOARD SHALL NOT AWARD A GRANT OF MORE THAN TWO
27 HUNDRED FIFTY THOUSAND DOLLARS.

1 **(4) Reimbursement of market development and promotion**

2 **expenses.** (a) TO BE ELIGIBLE FOR A REIMBURSEMENT OF MARKET
3 DEVELOPMENT AND PROMOTION EXPENSES, THE APPLICANT MUST:

4 (I) EMPLOY FEWER THAN ONE HUNDRED EMPLOYEES;

5 (II) BE HEADQUARTERED IN COLORADO, HAVE AT LEAST A
6 **TWO-THIRDS MAJORITY** OF THE APPLICANT'S EMPLOYEES RESIDING IN
7 COLORADO, OR INDICATE THAT COLORADO'S AGRICULTURAL INDUSTRY
8 WILL BE THE PRIMARY BENEFICIARY OF THE PROJECT;

9 (III) HAVE A PRODUCT THAT IS MARKET-READY;

10 (IV) HAVE FUNDING DEDICATED TO THE PROJECT THAT IS AT LEAST
11 FIFTY PERCENT OF THE AMOUNT OF THE REQUESTED GRANT; AND

12 (V) HAVE THE EXPENSES TO BE REIMBURSED AND THE PROJECT
13 AUTHORIZED BY THE BOARD BEFORE THE APPLICANT INCURS THE EXPENSE.

14 (b) EXPENSES ELIGIBLE FOR REIMBURSEMENT MAY INCLUDE:

15 (I) DESIGN AND PRODUCTION OF MARKET MATERIALS;

16 (II) PARTICIPATION IN AN INTERNATIONAL OR DOMESTIC TRADE
17 SHOW;

18 (III) LEGAL FEES FOR MARKETING AND PROMOTION OF THE
19 PRODUCT OR SERVICE;

20 (IV) DUE DILIGENCE ON OR CREDIT REVIEWS OF POTENTIAL
21 BUYERS AND DISTRIBUTORS; AND

22 (V) COMPLIANCE WITH INTERNATIONAL REQUIREMENTS FOR
23 LABELING, PACKAGING, OR SHIPPING.

24 (c) THE BOARD SHALL NOT REIMBURSE EXPENSES OF MORE THAN
25 FIFTEEN THOUSAND DOLLARS TO AN APPLICANT IN A FISCAL YEAR.

26 **(5) Grant and award policies.** (a) TO BE ELIGIBLE FOR A GRANT
27 OR REIMBURSEMENT, AN APPLICANT MUST:

1 (I) BE REGISTERED WITH AND IN GOOD STANDING WITH THE
2 SECRETARY OF STATE; AND

3 (II) IDENTIFY:

4 (A) THE NUMBER OF JOBS THAT COULD BE CREATED OR RETAINED
5 IN THE STATE;

6 (B) THE ANTICIPATED CAPITAL INVESTED OR RETAINED IN THE
7 STATE; AND

8 (C) ANY OTHER PROJECTED ECONOMIC EFFECTS THAT COULD
9 RESULT FROM THE GRANT OR REIMBURSEMENT.

10 (b) THE BOARD SHALL NOT REIMBURSE A RECIPIENT UNLESS THE
11 RECIPIENT HAS USED THE MATCHING FUNDS REQUIRED FOR THE GRANT OR
12 REIMBURSEMENT.

13 (c) UPON COMPLETION OF THE PROJECT THAT WAS THE BASIS FOR
14 THE AWARD OF A GRANT, A RECIPIENT SHALL IDENTIFY HOW THE FUNDS
15 WERE USED, THE NUMBER OF JOBS CREATED OR RETAINED IN THE STATE,
16 CAPITAL INVESTED OR RETAINED, AND ANY OTHER ECONOMIC EFFECTS
17 THAT RESULTED FROM THE GRANT.

18 (6) **Rural county priority - definition.** (a) (I) THE BOARD SHALL
19 GIVE PRIORITY TO A BUSINESS THAT:

20 (A) IS LOCATED IN A RURAL COUNTY OR IS DEVELOPING
21 TECHNOLOGY THAT PRIMARILY BENEFITS A RURAL COUNTY;

22 (B) HAS DEMONSTRATED SUPPORT FROM A RURAL COUNTY,
23 INCLUDING FINANCIAL SUPPORT; AND

24 (C) CAN IDENTIFY POTENTIAL PARTNERSHIPS AND SUPPORT FROM
25 ONE OR MORE RURAL EDUCATION INSTITUTIONS, FINANCIAL INSTITUTIONS,
26 OR COMMUNITY MEMBERS.

27 (II) TO BE GIVEN PRIORITY UNDER THIS SUBSECTION (6), THE

1 GRANT RECIPIENT MUST SIGN AN AGREEMENT TO CONTINUE TO REMAIN IN
2 OR BENEFIT THE RURAL COUNTY.

3 (b) FOR THE PURPOSES OF THIS SUBSECTION (6), "RURAL COUNTY"
4 MEANS ANY COUNTY, BUT NOT ANY CITY AND COUNTY, IN THIS STATE
5 THAT, AS OF JULY 1, 2016, HAS A POPULATION OF NOT MORE THAN ONE
6 HUNDRED FIFTY THOUSAND PEOPLE AND, IF THE COUNTY'S POPULATION
7 EXCEEDS TWENTY THOUSAND PEOPLE, HAS A GROWTH RATE THAT DOES
8 NOT EXCEED THE STATEWIDE AVERAGE FOR THE IMMEDIATELY PRECEDING
9 YEAR BY MORE THAN TWENTY-FIVE PERCENT AS DEFINED IN THE TWO
10 MOST RECENT DECENNIAL CENSUSES.

11 (7) **Fund administration.** (a) THE BOARD SHALL ESTABLISH
12 PROCEDURES AND TIMELINES FOR:

13 (I) THE APPLICATION PROCESS;

14 (II) CRITERIA USED IN DETERMINING AWARD AMOUNTS AND
15 PROJECT TIME PERIODS;

16 (III) GRANTEE REPORTING REQUIREMENTS;

17 (IV) ANY OTHER PROGRAM POLICIES;

18 (V) GIVING PRIORITY TO A BUSINESS AFFECTING OR LOCATED IN
19 RURAL COUNTIES IN ACCORDANCE WITH SUBSECTION (6) OF THIS SECTION;

20 AND

21 (VI) THE SELECTION AND APPOINTMENT OF THE ADVISORY BODY.

22 (b) THE BOARD MAY AMEND THESE POLICIES AT ANY TIME.

23 (8) **Business incubators and aggregators.** THE BOARD MAY
24 IMPLEMENT THIS SECTION BY MAKING GRANTS TO BUSINESS INCUBATORS
25 AND AGGREGATORS WHO AGREE TO MAKE GRANTS BASED ON THE
26 REQUIREMENTS AND PURPOSES OF THIS SECTION.

27 (9) **Report required.** (a) WITHIN THIRTY DAYS AFTER MAKING A

1 GRANT UNDER THIS SECTION, THE BOARD SHALL ISSUE A REPORT WITH THE
2 FOLLOWING INFORMATION:

- 3 (I) THE NAME OF THE GRANT RECIPIENT;
- 4 (II) THE LOCATION OF THE GRANT RECIPIENT;
- 5 (III) HOW MANY PEOPLE THE GRANT RECIPIENT EMPLOYS;
- 6 (IV) THE AMOUNT OF THE GRANT;
- 7 (V) THE CRITERIA USED TO AWARD THE GRANT; AND
- 8 (VI) WHETHER THE RECIPIENT HAS RECEIVED ANY ADDITIONAL
9 STATE OR FEDERAL SUPPORT IN THE FORM OF TAX CREDITS, TAX
10 DEDUCTIONS, OR GRANTS.

11 (b) THE REPORT SHALL BE PUBLISHED ONLINE THROUGH THE
12 WEBSITE OF THE COLORADO DEPARTMENT OF AGRICULTURE AND
13 FORWARDED TO THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND
14 INTERNATIONAL TRADE IN THE OFFICE OF THE GOVERNOR.

15 **(10) Appropriation - repeal.** (a) THE GENERAL ASSEMBLY SHALL
16 ANNUALLY APPROPRIATE FROM THE GENERAL FUND ONE MILLION DOLLARS
17 TO IMPLEMENT THIS SECTION. THE BOARD MAY USE UP TO FIVE PERCENT
18 OF THE APPROPRIATION TO ADMINISTER THIS SECTION.

19 (b) THIS SUBSECTION (10) IS REPEALED, EFFECTIVE JULY 1, 2020.

20 **SECTION 3. Appropriation.** For the 2016-17 state fiscal year,
21 \$1,000,000 is appropriated to the department of agriculture for use by the
22 Colorado agricultural value-added development board. This appropriation
23 is from the general fund. To implement this act, the department may use
24 this appropriation for administration of this act or to make grants or
25 reimbursements to fund agricultural innovations under this act. Any
26 money appropriated in this section and not expended prior to July 1, 2017,
27 is further appropriated to the department of agriculture for the 2017-18

1 state fiscal year for the same purpose.

2 **SECTION 4. Act subject to petition - effective date.** This act
3 takes effect at 12:01 a.m. on the day following the expiration of the
4 ninety-day period after final adjournment of the general assembly (August
5 10, 2016, if adjournment sine die is on May 11, 2016); except that, if a
6 referendum petition is filed pursuant to section 1 (3) of article V of the
7 state constitution against this act or an item, section, or part of this act
8 within such period, then the act, item, section, or part will not take effect
9 unless approved by the people at the general election to be held in
10 November 2016 and, in such case, will take effect on the date of the
11 official declaration of the vote thereon by the governor.