

# Economic Development

## Economic Development

**SB 13-218** (*Postponed Indefinitely*)  
*Colorado Key Industries Workforce Grant Program*

**HB 13-1001** (*Enacted*)  
*Advanced Industries Acceleration Act*

**HB 13-1002** (*Enacted*)  
*Small Business Development Centers*

**HB 13-1003** (*Enacted*)  
*Economic Gardening Pilot Project Office Economic Development*

**HB 13-1193** (*Enacted*)  
*Advanced Industries Export Acceleration Program*

**HB 13-1253** (*Postponed Indefinitely*)  
*Small Business Capital Study Report OEDIT*

## Enterprise Zones

**HB 13-1142** (*Enacted*)  
*Urban and Rural Enterprise Zone Act Reforms*

**HB 13-1190** (*Enacted*)  
*Contribute To Intermediary Organizations For Enter Zone Project*

The General Assembly considered several bills related to economic development and enterprise zones during the 2013 session.

## Economic Development

Legislation passed during the 2013 session included bills aimed at creating business development programs, providing small business assistance, and establishing grant and tax benefit programs for economic development. One bill, concerning a grant program for Colorado key industries, was postponed indefinitely.

***Economic and business development programs.*** One bill was adopted during the 2013 session concerning a development program aimed at supporting business growth opportunities.

**House Bill 13-1193**, enacted, creates the Advanced Industries Export Acceleration program (AIEA) to be administered by the Office of Economic Development and International Trade (OEDIT). The program provides training, access to consulting services, and expense reimbursements for eligible companies for the purpose of increasing international exports from advanced industries in Colorado. Companies must meet the requirements outlined in the bill in order to be eligible for reimbursement, including being in an advanced industry. The bill clarifies advanced industries: advanced manufacturing; aerospace; bioscience; creative industries; defense and homeland security; electronics; energy and natural resources; financial services; food and agriculture; health and wellness; infrastructure engineering; technology and information; tourism and outdoor recreation; and transportation and logistics. The bill creates the AIEA Cash Fund with \$300,000 to be transferred from the General Fund on January 1, 2014, and January 1 of the next four years in order to fund the AIEA programs.

***Legislation affecting small businesses.*** Three bills aimed at helping small businesses were introduced during the 2013 session. One bill concerning a study on capital for Colorado small business was postponed indefinitely.

**House Bill 13-1002**, enacted, requires the Colorado Office of Economic Development and International Trade to direct \$200,000 annually to the Small Business Development Center (SBDC) for FY 2013-14, FY 2014-15, and FY 2015-16. Of the annual distribution, 10 to 15 percent (\$20,000 to \$30,000) is to be used to increase awareness of the 14 full-time, and 70 part-time centers throughout the state. The remaining revenue is to be evenly divided among the state's 84 SBDCs. Each year on January 15, the Governor's Office of Economic Development and International Trade is to report to the House and Senate business committees on: the disbursement of moneys expended, capital formation, and jobs created. This bill is repealed July 1, 2016.

Economic gardening provides strategic technical assistance to emerging companies using advanced software and science concepts. **House Bill 13-1003**, enacted, creates an economic gardening pilot program within OEDIT. Under this bill, OEDIT will certify staff at SBDC in economic gardening concepts. The SBDCs will then select companies to participate in the pilot program, and manage the program throughout its implementation. The bill identifies the criteria for eligible companies. Under this bill, each company selected may receive: high-level business consulting; database research and analysis; or support from OEDIT's staff, which includes market research and strategy, business modeling, identification of sales leads and other business-related resources. OEDIT will select at least 20 companies to participate in the pilot program by March 1, 2014. The program ends on June 30, 2016.

**House Bill 13-1253**, postponed indefinitely, would have required OEDIT to contract for a study to assess the need and availability of capital for Colorado small business, and related barriers to capital. The study would have included a statewide survey of small businesses, including: the geographic location of the business; type of business, including the goods or services provided; years in operation and stage of business development; number of employees; the amount, sources and use of capital secured during the previous ten years; the business's readiness to receive capital; and a forecast of its capital needs for the next five years.

**Grant programs for business development.** Two bills were introduced during the 2013 General Assembly providing grants for business development opportunities.

**House Bill 13-1001**, enacted, creates the Advanced Industries Acceleration (AIA) grant program, to be administered by OEDIT. The program will distribute grants to seven specified industries: advanced manufacturing, aerospace, bioscience, electronics, energy and natural resources, infrastructure engineering, and information technology. This program is to be funded from the Limited Gaming Funds beginning FY 2014-15. This bill sets forth three types of grants:

- a technology transfer proof-of-concept grant, which has a maximum of \$150,000 per grant;
- an early stage capital and retention grant, which has a maximum of \$250,000 per grant;
- and an infrastructure funding grant, with a maximum of \$500,000 per grant.

Subject to available funds, there is no limit to the number of grants OEDIT may annually award. In addition, this bill adds two members, with advanced industry business and research experience, to the Economic Development Commission, for a total of ten members. The speaker of the house of representatives and the president of the senate will each appoint one of the new members. Currently, the commission is made up of: four members appointed by the governor; two members appointed by the speaker of the house of representatives; and two members appointed by the president of the senate. This bill is repealed January 1, 2025.

**Senate Bill 13-218**, postponed indefinitely, would have created the Colorado Key Industries Workforce Program in the Department of Higher Education (DHE) to facilitate partnerships between key industries and higher education institutions. A state institution, in partnership with at least one key industry business would have been awarded grants to subsidize nontraditional students who obtained associate degrees and were seeking bachelor's degrees meeting key industry workforce needs.

## **Enterprise Zones**

The 2013 General Assembly considered one bill, which made changes to the Enterprise Zone (EZ) Contribution Tax Credit. Previously, a taxpayer was allowed to claim a credit for monetary or in-kind donations that help implement the economic development plan for an enterprise zone if the donation was made to an enterprise zone administrator, or directly to a certified program, project, or organization that meets statutory criteria. Beginning January 1, 2013, **House Bill 13-1190**, enacted, allows a taxpayer to make an EZ donation via a qualified intermediary nonprofit organization such as Mile High United Way or Giving First. The organization is required to distribute 100 percent of the donations as directed by the taxpayer to a recipient nonprofit organization, program, or project that is certified by the EZ administrator. Both intermediary and recipient organizations must be classified as charitable organizations under federal code.

**House Bill 13-1142**, enacted, expands several tax incentives available for businesses that conduct business activities under the state enterprise zone program. Under state law, a taxpayer can claim a state income tax credit equal to 3 percent of any qualified investment that is either acquired, placed into service, or constructed and used exclusively in an enterprise zone for the first year of ownership by the taxpayer. The 3 percent investment tax credit can be used to offset the first \$5,000 of tax liability plus 50 percent of tax liability in excess of \$5,000. Any amount of unused credits can be carried forward for 12 years after the year for which the full amount of the credit was unused.