

**NOTE: The governor signed this measure on 5/24/2013.**

# An Act

HOUSE BILL 13-1003

BY REPRESENTATIVE(S) Lee and Garcia, Tyler, Buckner, Duran, Exum, Fields, Fischer, Foote, Ginal, Hullinghorst, Kraft-Tharp, Lebsock, Mitsch Bush, Moreno, Pabon, Pettersen, Primavera, Rosenthal, Vigil, Young, Ferrandino, Hamner, Kagan, Labuda, Ryden, Schafer, Singer; also SENATOR(S) Heath, Aguilar, Carroll, Giron, Jahn, Johnston, Jones, Kefalas, Kerr, Newell, Schwartz, Tochtrop, Todd, Ulibarri, Morse.

CONCERNING THE CREATION OF AN ECONOMIC GARDENING PILOT PROJECT IN THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT, 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) Colorado's persistently high unemployment rate during the recent recession has created economic and social hardships for the people of the state;

(b) Local start-up companies and small businesses are likely, as they grow, to remain in their communities of origin, thereby creating local jobs and an economic multiplier effect with their payrolls and taxes while

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

providing local economic stimuli, which increases the local tax base;

(c) Statewide economic prosperity and job creation are advanced significantly by creating, promoting, and retaining local start-up companies and small businesses with high growth potential;

(d) Entrepreneurs and small business owners of second-stage companies, which are those companies that are beyond the start-up stage but have not yet fully matured, with innovative products or services that satisfy market needs, have particular potential for expansion and job creation;

(e) Such entrepreneurs and owners can benefit from specialized business assistance to refine core strategies and from access to in-depth market research, competitor analyses, geographic information systems, search engine optimization, and other strategic information, as well as from relationships with mentors and advisers;

(f) The aspects of economic gardening that incorporate these principles have proven successful in improving the entrepreneurial process and promoting economically sustainable local businesses; and

(g) It is important to the overall health and growth of the state's economy to promote favorable conditions for those expanding Colorado businesses that demonstrate the ability to grow.

(2) In recognition of the foregoing findings and principles, it is the intent of the general assembly to create a Colorado economic gardening pilot project in the Colorado office of economic development.

**SECTION 2.** In Colorado Revised Statutes, **add** 24-48.5-102.7 as follows:

**24-48.5-102.7. Economic gardening pilot project - small business development centers - economic gardening pilot project fund - created - annual report - definitions - repeal.** (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "COLORADO COMPANIES TO WATCH" MEANS BUSINESSES THAT HAVE BEEN NOMINATED AND MET THE ELIGIBILITY CRITERIA FOR AN AWARDS PROGRAM OPERATED BY A NATIONAL PHILANTHROPIC FOUNDATION

IDENTIFIED BY THE STATE DIRECTOR, REGARDLESS OF WHETHER THE BUSINESSES ACTUALLY WON AWARDS SUBSEQUENT TO NOMINATION.

(b) "ECONOMIC GARDENING" MEANS AN APPROACH TO ECONOMIC GROWTH AND DEVELOPMENT THAT EMPHASIZES NURTURING AND CULTIVATING LOCAL SMALL BUSINESSES BY PROVIDING STRATEGIC ASSISTANCE TO SECOND-STAGE COMPANIES.

(c) "KEY INDUSTRY" MEANS AN INDUSTRY CRITICAL TO THE COLORADO ECONOMY, AS IDENTIFIED BY THE OFFICE.

(d) "OFFICE" MEANS THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT CREATED IN SECTION 24-48.5-101.

(e) "PILOT PROJECT" MEANS THE ECONOMIC GARDENING PILOT PROJECT CREATED IN THIS SECTION.

(f) "SECOND-STAGE COMPANY" MEANS A PRIVATELY HELD BUSINESS THAT:

(I) EMPLOYS FULL-TIME AT LEAST SIX PERSONS BUT NOT MORE THAN NINETY-NINE PERSONS;

(II) HAS MAINTAINED ITS PRINCIPAL PLACE OF BUSINESS AND A MAJORITY OF ITS EMPLOYEES IN COLORADO FOR AT LEAST THE PREVIOUS TWO YEARS;

(III) CLAIMS AT LEAST FIVE HUNDRED THOUSAND DOLLARS BUT NOT MORE THAN FIFTY MILLION DOLLARS AS ANNUAL GROSS REVENUE OR WORKING CAPITAL; AND

(IV) HAS A PRODUCT OR SERVICE THAT IS, OR HAS THE POTENTIAL TO BE, SOLD OUTSIDE THE COMPANY'S LOCAL AREA OR STATE.

(g) "STATE DIRECTOR" MEANS THE STATE DIRECTOR OF SMALL BUSINESS DEVELOPMENT CENTERS, OR ANY SUCCESSOR DIVISION, IN THE OFFICE.

(h) "STRATEGIC ASSISTANCE" OR "ECONOMIC GARDENING STRATEGIC ASSISTANCE" MEANS PERFORMING HIGH-LEVEL CONSULTING OR DATABASE

RESEARCH AND ANALYSIS OR THE DEPLOYMENT OF OFFICE AND SMALL BUSINESS DEVELOPMENT CENTER STAFF MEMBERS CERTIFIED UNDER SUBSECTION (4) OF THIS SECTION TO PERFORM MARKET RESEARCH, DEVELOP CORE STRATEGIES, CONDUCT BUSINESS MODELING, IDENTIFY QUALIFIED SALES LEADS, PROVIDE GROWTH FINANCING REFERRALS, PERFORM SEARCH ENGINE OPTIMIZATION, UTILIZE GEOGRAPHIC INFORMATION SYSTEMS, ADVISE ON NEW MEDIA MARKETING, OR ASSIST WITH NETWORK ANALYSES AND INNOVATION STRATEGIES.

(2) THERE IS HEREBY CREATED WITHIN THE OFFICE THE ECONOMIC GARDENING PILOT PROJECT. THE PURPOSE OF THE PILOT PROJECT IS TO STIMULATE COLORADO'S ECONOMY AND CREATE GOOD-PAYING, SUSTAINABLE JOBS BY PROVIDING ECONOMIC GARDENING STRATEGIC ASSISTANCE SERVICES TO SECOND-STAGE COMPANIES IN ACCORDANCE WITH THIS SECTION.

(3) THE STATE DIRECTOR SHALL OVERSEE, AND DIRECT ALL RESOURCES FOR THE EXECUTION OF, THE PILOT PROJECT, INCLUDING DEVELOPING THE PROCESSES FOR QUALIFYING AND SELECTING SECOND-STAGE COMPANIES, IDENTIFYING TRAINING COMPONENTS FOR OFFICE AND SMALL BUSINESS DEVELOPMENT CENTER STAFF MEMBERS, ENGAGING TRAINED AND CERTIFIED ECONOMIC GARDENING PRIVATE CONTRACTORS AS NECESSARY, AND PROVIDING ECONOMIC GARDENING STRATEGIC ASSISTANCE TO COMPANIES PARTICIPATING IN THE PILOT PROJECT.

(4) (a) (I) ON OR BEFORE SEPTEMBER 1, 2013, THE STATE DIRECTOR SHALL INITIATE A PROGRAM TO PROVIDE OR OBTAIN ALL NECESSARY CREDENTIALS FOR HIGH-IMPACT STRATEGIC ASSISTANCE TO STAFF MEMBERS OF THE OFFICE AND SMALL BUSINESS DEVELOPMENT CENTERS.

(II) PRIOR TO THE DATE THAT STRATEGIC ASSISTANCE IS PROVIDED PURSUANT TO THIS SUBSECTION (4):

(A) AT LEAST EIGHT STAFF MEMBERS OF SMALL BUSINESS DEVELOPMENT CENTERS IN THE STATE MUST BE CERTIFIED IN ECONOMIC GARDENING BY A NATIONALLY RECOGNIZED CERTIFYING ENTITY IDENTIFIED BY THE STATE DIRECTOR; AND

(B) THE STATE DIRECTOR SHALL, AS NECESSARY, CONTRACT WITH

TRAINED AND CERTIFIED ECONOMIC GARDENING PRIVATE CONTRACTORS.

(III) AFTER THE SMALL BUSINESS DEVELOPMENT CENTER STAFF MEMBERS ARE CERTIFIED PURSUANT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH (a), THE STATE DIRECTOR SHALL USE THE EXISTING INFRASTRUCTURE OF SMALL BUSINESS DEVELOPMENT CENTERS TO PROMOTE THE PILOT PROJECT TO SECOND-STAGE COMPANIES AND TO THOSE SMALL BUSINESS DEVELOPMENT CENTER CLIENTS AND REFERRALS THAT, IN THE STATE DIRECTOR'S OPINION, SHOW GROWTH POTENTIAL IN JOBS, SALES, OR EXPORT POTENTIAL.

(b) (I) ON OR BEFORE SEPTEMBER 1, 2013, THE STATE DIRECTOR SHALL PUBLISH CRITERIA FOR A SECOND-STAGE COMPANY TO BE SELECTED TO PARTICIPATE IN THE PILOT PROJECT. THE CRITERIA MUST INCLUDE JOB GROWTH POTENTIAL, SUSTAINABILITY, EXPORT POTENTIAL, AND A WORKFORCE COMPRISED OF AT LEAST FIFTY PERCENT COLORADO RESIDENTS. APPLICATION CRITERIA MUST ALSO INCLUDE REQUIREMENTS FOR DATA COLLECTION, AS SPECIFIED BY THE STATE DIRECTOR, TO SHOW THE IMPACTS OF SERVICES PROVIDED THROUGH THE PILOT PROJECT. THE STATE DIRECTOR SHALL IDENTIFY SECOND-STAGE COMPANIES ELIGIBLE TO PARTICIPATE BY UTILIZING THE OFFICE'S EXISTING STRATEGIC INFRASTRUCTURE AND BY CONSULTING WITH LOCAL AND REGIONAL ECONOMIC DEVELOPMENT PARTNERS, SUCH AS LOCAL SERVICE CORPS OF RETIRED EXECUTIVES, SMALL BUSINESS COUNSELING OFFICES, CHAMBERS OF COMMERCE, REGIONAL BUILDING ALLIANCES, ECONOMIC DEVELOPMENT CORPS, AND OTHER LOCAL OR REGIONAL ECONOMIC DEVELOPMENT ENTITIES. THE ELIGIBLE COMPANIES AND CLIENTS SHALL INCLUDE SECOND-STAGE COMPANIES IN SMALL BUSINESS DEVELOPMENT CENTERS' CLIENT LISTS, KEY INDUSTRY NETWORKS, REGIONAL DEVELOPMENT PLANNING GROUPS, AND COLORADO COMPANIES TO WATCH APPLICANTS.

(II) IN ORDER TO PARTICIPATE IN THE PILOT PROJECT, A COMPANY SELECTED FOR PARTICIPATION MUST PAY A ONE-TIME FEE OF SEVEN HUNDRED FIFTY DOLLARS, WHICH MONEYS SHALL BE DEPOSITED INTO THE ECONOMIC GARDENING PILOT PROJECT FUND, CREATED IN SUBSECTION (5) OF THIS SECTION, FOR REINVESTMENT IN THE PILOT PROJECT.

(c) ON OR BEFORE MARCH 1, 2014, THE STATE DIRECTOR SHALL SELECT A MINIMUM OF TWENTY COMPANIES TO PARTICIPATE IN THE PILOT PROJECT.

(d) (I) THE STATE DIRECTOR SHALL OVERSEE THE OFFICE AND SMALL BUSINESS DEVELOPMENT CENTER STAFF MEMBERS CERTIFIED PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (4) OR CERTIFIED PRIVATE CONTRACTORS TO DEPLOY STRATEGIC ASSISTANCE TO ALL PILOT PROJECT PARTICIPANTS. THE STATE DIRECTOR SHALL ACQUIRE ANY TOOLS THAT HE OR SHE DEEMS NECESSARY TO PROVIDE THE STRATEGIC ASSISTANCE, INCLUDING DATABASE LICENSES, PERMITS, AND ECONOMIC GARDENING CERTIFICATION.

(II) A PARTICIPATING COMPANY HAS TWELVE MONTHS FROM THE DATE THAT THE STATE DIRECTOR SELECTS THE COMPANY TO PARTICIPATE IN THE PILOT PROJECT TO USE THE STRATEGIC ASSISTANCE AND OTHER ECONOMIC GARDENING SERVICES OFFERED PURSUANT TO THE PILOT PROJECT.

(III) THE PILOT PROJECT TERMINATES ON JUNE 30, 2016.

(5) THERE IS HEREBY CREATED IN THE STATE TREASURY THE ECONOMIC GARDENING PILOT PROJECT FUND, TO BE ADMINISTERED BY THE STATE DIRECTOR. THE FUND CONSISTS OF ALL FEES RECEIVED PURSUANT TO SUBPARAGRAPH (II) OF PARAGRAPH (b) OF SUBSECTION (4) OF THIS SECTION AND ANY MONEYS APPROPRIATED BY THE GENERAL ASSEMBLY FOR THE PURPOSES OF THIS SECTION. THE GENERAL ASSEMBLY SHALL MAKE ANNUAL APPROPRIATIONS OF THE MONEYS IN THE FUND TO THE OFFICE FOR ADMINISTERING THE PILOT PROJECT. ANY MONEYS IN THE FUND NOT APPROPRIATED SHALL REMAIN IN THE FUND AND SHALL NOT BE TRANSFERRED OR REVERT TO THE GENERAL FUND OF THE STATE AT THE END OF ANY FISCAL YEAR.

(6) ON OR BEFORE NOVEMBER 1, 2014, AND ON OR BEFORE NOVEMBER 1 EACH YEAR THEREAFTER THROUGH NOVEMBER 1, 2016, THE DIRECTOR SHALL SUBMIT A REPORT TO THE FINANCE AND THE BUSINESS, LABOR, AND ECONOMIC AND WORKFORCE DEVELOPMENT COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND THE FINANCE AND BUSINESS, LABOR, AND TECHNOLOGY COMMITTEES OF THE SENATE, OR ANY SUCCESSOR COMMITTEES, SUMMARIZING THE PILOT PROJECT ACTIVITIES DURING THE PRECEDING FISCAL YEAR. THE REPORT MUST INCLUDE, AT A MINIMUM:

(a) THE SERVICES OFFERED THROUGH THE PILOT PROJECT'S STRATEGIC ASSISTANCE;

(b) THE OFFICE'S EXPENDITURES ON STRATEGIC ASSISTANCE PROVIDED TO PILOT PROGRAM PARTICIPANTS;

(c) THE NUMBER AND TYPES OF JOBS CREATED AS A RESULT OF THE PILOT PROJECT;

(d) THE INCREASED SALES AS A RESULT OF THE PILOT PROJECT; AND

(e) THE VALUE OF GOODS OR SERVICES SOLD OUTSIDE THE COMPANY'S LOCAL AREA OR STATE.

(7) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2017.

**SECTION 3. Appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the general fund not otherwise appropriated, to the governor - lieutenant governor - state planning and budgeting, for the fiscal year beginning July 1, 2013, the sum of \$200,000, or so much thereof as may be necessary, for allocation to economic development programs for the economic development gardening pilot project created by this act.

(2) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the economic gardening pilot project fund created in section 24-48.5-102.7 (5), Colorado Revised Statutes, not otherwise appropriated, to the governor - lieutenant governor - state planning and budgeting, for the fiscal year beginning July 1, 2013, the sum of \$18,750, or so much thereof as may be necessary, for allocation to economic development programs for the economic development gardening pilot project created by this act.

**SECTION 4. Act subject to petition - effective date.** This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 7, 2013, if adjournment sine die is on May 8, 2013); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless

approved by the people at the general election to be held in November 2014 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

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Mark Ferrandino  
SPEAKER OF THE HOUSE  
OF REPRESENTATIVES

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John P. Morse  
PRESIDENT OF  
THE SENATE

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Marilyn Eddins  
CHIEF CLERK OF THE HOUSE  
OF REPRESENTATIVES

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Cindi L. Markwell  
SECRETARY OF  
THE SENATE

APPROVED \_\_\_\_\_

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John W. Hickenlooper  
GOVERNOR OF THE STATE OF COLORADO