

First Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 13-0432.01 Duane Gall x4335

HOUSE BILL 13-1253

HOUSE SPONSORSHIP

Lee, Court, Exum, Garcia, Hamner, Kraft-Tharp, Pabon, Ryden, Tyler

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Kerr,

House Committees

Business, Labor, Economic, & Workforce Development

Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING A STUDY TO ASSESS THE AVAILABILITY OF CAPITAL FOR**
102 **SMALL BUSINESSES IN COLORADO, AND, IN CONNECTION**
103 **THEREWITH, 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/billsummaries>.)

The bill directs the governor's office of economic development and international trade (OEDIT) to commission a study and report by a private Colorado entity (defined as the study author) identifying the availability of, need for, and barriers to acquisition of, capital for Colorado small

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.

HOUSE
3rd Reading Unamended
April 12, 2013

HOUSE
Amended 2nd Reading
April 11, 2013

businesses. The report is to be delivered on or before May 1, 2014.

The study author is directed to survey Colorado small businesses and collect data on their size and location, existing sources of capital, uses to which they put capital, and impediments to acquiring capital. The report will contain a summary of this information and the study author's findings and recommendations concerning the adequacy of existing mechanisms for providing capital to Colorado's small businesses and the steps state and local governments, private industry, and federal agencies can take to improve access to capital.

The bill creates a fund for purposes of financing the study. The fund consists of some moneys appropriated by the general assembly and the remainder from private gifts, grants, and donations. Any unexpended and unencumbered moneys remaining in the fund as of June 30, 2014, revert to the general fund of the state.

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 46 of title 24 as follows:

4 **PART 4**

5 **ACCESS TO CAPITAL FOR SMALL BUSINESSES**

6 **24-46-401. Legislative declaration - need for empirical study.**

7 (1) THE GENERAL ASSEMBLY HEREBY FINDS THAT:

8 (a) THE PRESENT AND PROSPECTIVE RIGHT TO GAINFUL
9 EMPLOYMENT AND GENERAL WELFARE OF THE PEOPLE OF THIS STATE
10 REQUIRE, AS A PUBLIC PURPOSE, THE PROMOTION AND DEVELOPMENT OF
11 NEW AND EXPANDED BUSINESS ENTERPRISES;

12 (b) IMPROVED ACCESS TO CAPITAL AND THE FORMATION AND
13 FUNDING OF CAPITAL MARKETS FOR SMALL BUSINESSES WILL ENCOURAGE
14 AND FOSTER THE DEVELOPMENT AND DIVERSIFICATION OF COLORADO'S
15 ECONOMY AND THE REDUCTION OF UNEMPLOYMENT AND
16 UNDEREMPLOYMENT IN THE STATE;

17 (c) THE STATE OF COLORADO CONTINUES TO HAVE HIGH LEVELS

1 OF UNEMPLOYMENT AND UNDEREMPLOYMENT; AND

2 (d) SMALL BUSINESSES ARE HISTORICALLY THE SINGLE LARGEST
3 SOURCE OF NET NEW JOBS;

4 (2) THE GENERAL ASSEMBLY DETERMINES THAT:

5 (a) PROMOTING THE AVAILABILITY OF CAPITAL FOR SMALL
6 BUSINESSES IS IN THE PUBLIC INTEREST AND SERVES A PUBLIC PURPOSE OF
7 THE STATE IN PROMOTING THE WELFARE OF THE CITIZENS OF THE STATE
8 ECONOMICALLY, AS IT SUPPORTS THE FORMATION AND GROWTH OF NEW
9 AND EXISTING BUSINESSES AND THE RESULTING INCREASE IN
10 EMPLOYMENT, ECONOMIC ACTIVITY, AND STABILITY; AND

11 (b) SMALL BUSINESSES IN COLORADO WOULD BENEFIT FROM
12 EMPIRICAL RESEARCH, CONDUCTED BY INFORMED PROFESSIONALS, ON THE
13 CURRENTLY AVAILABLE SOURCES OF INVESTMENT CAPITAL, THE EXISTING
14 BARRIERS TO ACCESS TO THAT CAPITAL, AND PRACTICAL METHODS OF
15 OVERCOMING THOSE BARRIERS.

16 (3) THE GENERAL ASSEMBLY DECLARES THAT THE STUDY AND
17 REPORT PURSUANT TO THIS PART 4 WILL PROVIDE SIGNIFICANT NEW
18 INFORMATION AND FACILITATE THE PROVISION OF AVAILABLE CAPITAL TO
19 STIMULATE THE GROWTH OF SMALL BUSINESS ENTERPRISES, PROMOTE
20 INNOVATION, INCREASE EMPLOYMENT OPPORTUNITIES FOR COLORADO'S
21 CITIZENS, AND THUS SERVE THE PUBLIC INTEREST.

22 **24-46-402. Definitions.** AS USED IN THIS PART 4, UNLESS THE
23 CONTEXT OTHERWISE REQUIRES:

24 (1) "COMMISSION" MEANS THE COLORADO ECONOMIC
25 DEVELOPMENT COMMISSION CREATED IN SECTION 24-46-102.

26 (2) "OFFICE" MEANS THE GOVERNOR'S OFFICE OF ECONOMIC
27 DEVELOPMENT AND INTERNATIONAL TRADE OR ITS SUCCESSOR OFFICE.

1 (3) "SMALL BUSINESS" MEANS A FOR-PROFIT ENTERPRISE THAT IS
2 LICENSED TO CONDUCT BUSINESS IN COLORADO AND HAS UP TO FIVE
3 HUNDRED EMPLOYEES.

4 (4) "STUDY AUTHOR" MEANS A COLORADO-BASED, PRIVATE
5 ORGANIZATION, NONPROFIT OR ORGANIZED FOR PROFIT, WITH EXPERIENCE
6 IN CONDUCTING RESEARCH AND WITH KNOWLEDGE OF COLORADO'S
7 CAPITAL MARKETS, PARTICIPANTS, AND MECHANISMS FOR MATCHING
8 COLORADO SMALL BUSINESSES WITH CAPITAL SOURCES.

9 **24-46-403. Small business capital study - selection of study**
10 **author - advisory committee - membership - duties - creation of fund**
11 **- report.** (1) THE OFFICE SHALL CONTRACT WITH A STUDY AUTHOR TO
12 CONDUCT THE STUDY DESCRIBED IN THIS SECTION. THE PRIMARY PURPOSE
13 OF THE STUDY IS TO ASSESS THE NEED FOR AND AVAILABILITY OF CAPITAL
14 FOR COLORADO SMALL BUSINESSES AND THE BARRIERS TO ACCESS TO
15 CAPITAL THAT ARE CURRENTLY FACED BY THOSE BUSINESSES. IN
16 ADDITION, THE STUDY MAY BE USED BY THE COLORADO SMALL BUSINESS
17 DEVELOPMENT CENTERS NETWORK FOR STRATEGIC PLANNING TO ENSURE
18 THAT QUALITY TRAINING AND CONSULTING PROGRAMS ARE IN PLACE FOR
19 SMALL AND MEDIUM-SIZED BUSINESSES.

20 (2) THE OFFICE SHALL AWARD THE CONTRACT BASED ON
21 COMPETITIVE BIDS. THE OFFICE SHALL AWARD THE CONTRACT WITHIN
22 NINETY DAYS AFTER RECEIVING SUFFICIENT FUNDING.

23 (3) THE OFFICE'S STAFF SHALL FACILITATE THE EFFORTS OF THE
24 STUDY AUTHOR AND MAY PROVIDE STAFF SUPPORT IF NECESSARY.

25 (4) THE STUDY MUST INCLUDE A SURVEY OF COLORADO SMALL
26 BUSINESSES AND LENDERS. THE STUDY AUTHOR SHALL STRIVE TO COLLECT
27 DATA FROM AS MANY BUSINESSES AND LENDERS AS IS NECESSARY TO

1 PRODUCE AN APPROPRIATE SAMPLE ON TOPICS THAT MAY INCLUDE:

2 (a) GEOGRAPHIC LOCATION;

3 (b) TYPE OF BUSINESS, INCLUDING THE PRODUCTS AND SERVICES

4 THE BUSINESS PROVIDES;

5 (c) YEARS IN OPERATION AND STAGE OF BUSINESS DEVELOPMENT;

6 (d) NUMBER OF EMPLOYEES;

7 (e) THE AMOUNT, SOURCES, AND USE OF CAPITAL SECURED DURING

8 THE PREVIOUS TEN YEARS;

9 (f) THE BUSINESS'S READINESS TO RECEIVE CAPITAL;

10 (g) A FORECAST OF ITS CAPITAL NEEDS FOR THE NEXT FIVE YEARS;

11 AND

12 (h) ANY OTHER INFORMATION THE STUDY AUTHOR DEEMS

13 RELEVANT.

14 (5) THE STUDY AUTHOR SHALL CONSULT WITH THE OFFICE'S

15 EXISTING PARTNERSHIPS THAT HAVE KNOWLEDGE OF CAPITAL NEEDS FOR

16 SMALL BUSINESSES, INCLUDING KEY INDUSTRY NETWORKS, REGIONAL

17 PARTNERSHIPS, SMALL BUSINESS DEVELOPMENT CENTERS,

18 MICRO-LENDERS, AND OTHER ECONOMIC DEVELOPMENT PARTNERS.

19 (6) **Report.** ON OR BEFORE MAY 1, 2014, THE STUDY AUTHOR

20 SHALL DELIVER A REPORT TO THE COMMISSION. THE OFFICE SHALL MAKE

21 THE REPORT AVAILABLE ON THE INTERNET BY JUNE 1, 2014, AND SHALL

22 INCORPORATE IT INTO THE OFFICE'S NOVEMBER 1, 2014, ANNUAL REPORT

23 TO THE GENERAL ASSEMBLY. THE REPORT MUST INCLUDE A SUMMARY OF

24 THE STUDY AUTHOR'S FINDINGS UNDER SUBSECTION (4) OF THIS SECTION,

25 TOGETHER WITH THE STUDY AUTHOR'S CONCLUSIONS AND

26 RECOMMENDATIONS FOR ACTION BY COLORADO'S STATE AND LOCAL

27 GOVERNMENTS, PRIVATE INDUSTRY, AND FEDERAL AGENCIES TO:

1 (a) REDUCE EXISTING CONSTRAINTS AND LIMITATIONS IN SECURING
2 CAPITAL;

3 (b) IMPROVE THE ABILITY OF SMALL BUSINESSES TO QUALIFY FOR
4 CREDIT;

5 (c) INCREASE THE AMOUNT OF CAPITAL AVAILABLE TO
6 COLORADO'S SMALL BUSINESSES; AND

7 (d) OTHERWISE IMPROVE ACCESS TO CAPITAL BY COLORADO'S
8 SMALL BUSINESSES.

9 (7) THE OFFICE IS HEREBY AUTHORIZED TO RECEIVE FUNDING FOR
10 THE FINANCING OF THE STUDY. THE SOURCES OF FUNDING MAY INCLUDE
11 PUBLIC OR PRIVATE GIFTS, GRANTS, AND DONATIONS. THE OFFICE SHALL
12 TRANSMIT ALL MONEYS RECEIVED UNDER THIS SECTION TO THE STATE
13 TREASURER, WHO SHALL CREDIT THEM TO THE SMALL BUSINESS CAPITAL
14 STUDY FUND, ALSO REFERRED TO IN THIS SECTION AS THE "FUND", WHICH
15 IS HEREBY CREATED IN THE STATE TREASURY. THE FUND CONSISTS OF ANY
16 MONEYS CREDITED TO THE FUND PURSUANT TO THIS SUBSECTION (7) AND
17 ANY MONEYS APPROPRIATED TO THE FUND BY THE GENERAL ASSEMBLY.
18 ALL MONEYS CREDITED TO THE FUND AND ANY INTEREST AND INCOME
19 EARNED ON THE DEPOSIT AND INVESTMENT OF MONEYS IN THE FUND
20 REMAIN IN THE FUND, SUBJECT TO ANNUAL APPROPRIATION BY THE
21 GENERAL ASSEMBLY FOR PURPOSES OF THIS SECTION. ANY UNEXPENDED
22 AND UNENCUMBERED MONEYS REMAINING IN THE FUND ON JUNE 30, 2014,
23 SHALL REVERT TO THE GENERAL FUND.

24 **24-46-404. Repeal of part.** THIS PART 4 IS REPEALED, EFFECTIVE
25 JULY 1, 2014.

26 **SECTION 2. Appropriation.** (1) In addition to any other
27 appropriation, for the fiscal year beginning July 1, 2013, there is hereby

1 appropriated, out of any moneys in the general fund not otherwise
2 appropriated, to the governor, lieutenant governor, and state planning and
3 budgeting to be credited to the small business capital study fund created
4 in section 24-46-403 (7), Colorado Revised Statutes, the sum of
5 \$100,000, to be used for purposes consistent with the creation of the fund.

6 (2) In addition to any other appropriation, there is hereby
7 appropriated, out of the small business capital study fund, to the
8 governor-lieutenant governor-state planning and budgeting, for the fiscal
9 year beginning July 1, 2013, the sum of \$100,000, or so much thereof as
10 may be necessary, for allocation to economic development programs for
11 contract expenses related to the implementation of this act.

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