

First Regular Session
Seventieth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 15-0457.02 Jery Payne x2157

HOUSE BILL 15-1320

HOUSE SPONSORSHIP

Young and Arndt, Ginal, Becker J., Brown, Danielson

SENATE SPONSORSHIP

Grantham,

House Committees

Agriculture, Livestock, & Natural Resources

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 following grants and requirements are established:

To be eligible for a proof-of-concept and feasibility study grant,

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 applicant must:

- ! Submit a description of the project;
- ! Provide an analysis of the potential economic increase 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 200% of 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 50% of the amount of the requested grant; and
- ! Have reimbursable project and 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.

The bill also authorizes the board to fund promotional programs for Colorado agriculture.

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 \$40 billion to the state's economy and supports more than
2 170,000 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 \$2 billion annually, and are purchased by
7 customers in nearly 120 countries around the world;

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

11 (I) Building a business-friendly environment;

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

13 (III) Increasing access to capital;

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

15 (V) Educating and training the future workforce; and

16 (VI) Cultivating innovation and technology;

17 (e) Colorado's food and beverage manufacturing jobs increased by
18 8 percent from 2008 to 2013, generating 1,900 new jobs during a time
19 when Colorado's total jobs from manufacturing decreased 6.7 percent, an
20 overall loss of 19,500 jobs; and

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

25 (2) The general assembly therefore declares that the creation of a
26 development, investment, and promotional program for agriculture will
27 help advance innovations and technologies for the benefit of Colorado's

1 food and agriculture industry and all of Colorado.

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

4 **35-75-206. Agricultural innovations and market promotion -**
5 **repeal. (1) Program administered by board.** THERE IS HEREBY
6 CREATED THE AGRICULTURAL DEVELOPMENT AND INVESTMENT
7 PARTNERSHIP PROGRAM TO AID AGRICULTURAL INNOVATION AND SUPPORT
8 PROMOTIONAL MARKETING OPPORTUNITIES FOR AGRICULTURAL PRODUCTS
9 AND SERVICES. THE BOARD SHALL ADMINISTER THE PROGRAM, WHICH
10 INCLUDES PROOF-OF-CONCEPT AND FEASIBILITY STUDY GRANTS,
11 EARLY-STAGE CAPITAL AND BUSINESS EXPANSION GRANTS,
12 REIMBURSEMENT OF MARKET DEVELOPMENT AND PROMOTION EXPENSES,
13 AND FUNDING FOR BROAD-BASED MARKET PROMOTION ACTIVITIES OF THE
14 DEPARTMENT.

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

18 (I) SUBMIT A DESCRIPTION OF THE PROJECT;

19 (II) PROVIDE AN ANALYSIS OF THE POTENTIAL ECONOMIC INCREASE
20 OR COMPETITIVE ADVANTAGE OF THE PROJECT FOR COLORADO
21 AGRICULTURE; AND

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

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

26 (3) **Early-stage capital and business-expansion grant.** (a) TO BE
27 ELIGIBLE FOR AN EARLY-STAGE CAPITAL AND BUSINESS EXPANSION

1 GRANT, AN APPLICANT MUST:

2 (I) BE HEADQUARTERED IN COLORADO, HAVE AT LEAST FIFTY
3 PERCENT OF THE APPLICANT'S EMPLOYEES RESIDING IN COLORADO, OR
4 INDICATE THAT COLORADO'S AGRICULTURAL INDUSTRY WILL BE THE
5 PRIMARY BENEFICIARY OF THE PROJECT;

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

7 (III) PROVIDE AN ANALYSIS INDICATING THAT THE SCOPE OF THE
8 PROJECT COULD ENHANCE THE COMMERCIALIZATION OF AN
9 AGRICULTURAL PRODUCT OR SERVICE WITHIN COLORADO; AND

10 (IV) HAVE FUNDING DEDICATED TO THE PROJECT THAT IS AT LEAST
11 TWO HUNDRED PERCENT OF THE AMOUNT OF THE REQUESTED GRANT.

12 (b) THE BOARD SHALL NOT AWARD A GRANT OF MORE THAN TWO
13 HUNDRED AND FIFTY DOLLARS.

14 (4) **Reimbursement of market development and promotion**
15 **expenses.** (a) TO BE ELIGIBLE FOR A REIMBURSEMENT OF MARKET
16 DEVELOPMENT AND PROMOTION EXPENSES, THE APPLICANT MUST:

17 (I) EMPLOY FEWER THAN ONE HUNDRED EMPLOYEES;

18 (II) BE HEADQUARTERED IN COLORADO, HAVE AT LEAST FIFTY
19 PERCENT OF THE APPLICANT'S EMPLOYEES RESIDING IN COLORADO, OR
20 INDICATE THAT COLORADO'S AGRICULTURAL INDUSTRY WILL BE THE
21 PRIMARY BENEFICIARY OF THE PROJECT;

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

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

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

27 (b) EXPENSES ELIGIBLE FOR REIMBURSEMENT MAY INCLUDE:

- 1 (I) DESIGN AND PRODUCTION OF MARKET MATERIALS;
- 2 (II) PARTICIPATION IN AN INTERNATIONAL OR DOMESTIC TRADE
- 3 SHOW;
- 4 (III) LEGAL FEES FOR MARKETING AND PROMOTION OF THE
- 5 PRODUCT OR SERVICE;
- 6 (IV) DUE DILIGENCE ON OR CREDIT REVIEWS OF POTENTIAL
- 7 BUYERS AND DISTRIBUTORS; AND
- 8 (V) COMPLIANCE WITH INTERNATIONAL REQUIREMENTS FOR
- 9 LABELING, PACKAGING, OR SHIPPING.

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

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

14 (I) BE REGISTERED WITH AND IN GOOD STANDING WITH THE
15 SECRETARY OF STATE; AND

16 (II) IDENTIFY:

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

19 (B) THE ANTICIPATED CAPITAL INVESTED OR RETAINED IN THE
20 STATE; AND

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

23 (b) THE BOARD SHALL NOT REIMBURSE A RECIPIENT UNLESS THE
24 RECIPIENT HAS USED THE MATCHING FUNDS REQUIRED FOR THE GRANT OR
25 REIMBURSEMENT.

26 (c) UPON COMPLETION OF THE PROJECT THAT WAS THE BASIS FOR
27 THE AWARD OF A GRANT, A RECIPIENT SHALL IDENTIFY HOW THE FUNDS

1 WERE USED, THE NUMBER OF JOBS CREATED OR RETAINED IN THE STATE,
2 CAPITAL INVESTED OR RETAINED, AND ANY OTHER ECONOMIC EFFECTS
3 THAT RESULTED FROM THE GRANT.

4 (6) **Fund administration.** (a) THE BOARD SHALL ESTABLISH
5 PROCEDURES AND TIMELINES FOR:

6 (I) THE APPLICATION PROCESS;

7 (II) CRITERIA USED IN DETERMINING AWARD AMOUNTS AND
8 PROJECT TIME PERIODS;

9 (III) GRANTEE REPORTING REQUIREMENTS; AND

10 (IV) ANY OTHER PROGRAM POLICIES.

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

12 (7) **Broad-based industry promotion activities.** THE BOARD
13 MAY DISBURSE MONEYS FROM THE AGRICULTURE VALUE-ADDED CASH
14 FUND, CREATED IN SECTION 35-75-205, TO SUPPORT MARKET PROMOTION
15 ACTIVITIES OF THE DEPARTMENT. UPON APPROVAL OF A PROPOSAL FROM
16 THE DEPARTMENT, THE BOARD MAY DISBURSE AN AMOUNT, NOT TO
17 EXCEED ONE-FOURTH OF THE ANNUAL APPROPRIATION MADE IN
18 ACCORDANCE WITH SUBSECTION (9) OF THIS SECTION, TO THE
19 DEPARTMENT FOR ONE OR MORE MARKET PROMOTION ACTIVITIES THAT
20 BROADLY PROMOTE AND ENHANCE COLORADO AGRICULTURE. THESE
21 ACTIVITIES MAY INCLUDE:

22 (a) IN-STATE BRANDING PROGRAMS, SUCH AS "COLORADO PROUD";

23 (b) INBOUND AND OUTBOUND TRADE MISSIONS;

24 (c) DEVELOPMENT OF COLORADO PAVILIONS AT DOMESTIC AND
25 INTERNATIONAL TRADE SHOWS; AND

26 (d) AGRICULTURAL PRODUCT BUSINESS DEVELOPMENT
27 WORKSHOPS.

1 (8) **Business incubators and aggregators.** THE BOARD MAY
2 IMPLEMENT THIS SECTION BY MAKING GRANTS TO BUSINESS INCUBATORS
3 AND AGGREGATORS WHO AGREE TO MAKE GRANTS BASED ON THE
4 REQUIREMENTS AND PURPOSES OF THIS SECTION.

5 (9) **Appropriations.** (a) THE GENERAL ASSEMBLY SHALL
6 ANNUALLY APPROPRIATE FROM THE GENERAL FUND FIVE HUNDRED
7 THOUSAND DOLLARS TO IMPLEMENT THIS SECTION.

8 (b) THIS SUBSECTION (9) IS REPEALED, EFFECTIVE JULY 1, 2020.

9 **SECTION 3. Appropriation.** For the 2015-16 state fiscal year,
10 \$500,000 is appropriated to the department of agriculture for use by the
11 Colorado agricultural value-added development board. To implement this
12 act, the department may use this appropriation for administration of this
13 act, making grants or reimbursements to fund agricultural innovations, or
14 promoting agricultural markets under this act. Any moneys appropriated
15 in this section not expended prior to July 1, 2016, are further appropriated
16 to the department of agriculture for the 2016-17 state fiscal year for the
17 same purpose.

18 **SECTION 4. Act subject to petition - effective date.** This act
19 takes effect at 12:01 a.m. on the day following the expiration of the
20 ninety-day period after final adjournment of the general assembly (August
21 5, 2015, if adjournment sine die is on May 6, 2015); except that, if a
22 referendum petition is filed pursuant to section 1 (3) of article V of the
23 state constitution against this act or an item, section, or part of this act
24 within such period, then the act, item, section, or part will not take effect
25 unless approved by the people at the general election to be held in
26 November 2016 and, in such case, will take effect on the date of the
27 official declaration of the vote thereon by the governor.