

CHAPTER 166

GOVERNMENT - STATE

HOUSE BILL 21-1241

BY REPRESENTATIVE(S) Daugherty and Lynch, Roberts, Bird, Duran, Herod, Hooton, Kipp, Lontine, McCluskie, Mullica, Snyder, Tipper, Titone, Valdez D., Garnett;
also SENATOR(S) Rodriguez and Priola.

AN ACT**CONCERNING MODIFICATIONS TO THE EMPLOYEE OWNERSHIP LOAN PROGRAM.**

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

SECTION 1. In Colorado Revised Statutes, 24-48.5-124, **amend** (4)(a)(I), (4)(b), (4)(c), and (5); and **repeal** (2)(b) as follows:

24-48.5-124. Preserving small businesses through employee ownership - legislative declaration - definitions - repeal. (2) As used in this section, unless the context otherwise requires:

- (b) ~~"Existing business" means a business that:~~
- ~~(I) Is at least two years old;~~
 - ~~(II) Has at least three employees;~~
 - ~~(III) Sees annual net revenues equal to or less than five million dollars;~~
 - ~~(IV) Offers the employee ownership opportunity to every employee; and~~
 - ~~(V) Plans to enter or has entered into an employee-ownership agreement with at least half of its employees.~~

(4) (a) (I) Except as provided in subsection (4)(a)(II) of this section, the office shall establish and administer a revolving loan program to assist transitions of ~~existing~~ **ELIGIBLE COLORADO** businesses to employee-owned businesses.

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

(b) ~~The program is only available for existing businesses~~ THE OFFICE SHALL ESTABLISH AND MAKE PUBLIC ELIGIBILITY CRITERIA FOR THE PROGRAM. THE CRITERIA MUST INCLUDE REQUIREMENTS RELATED TO:

(I) THE SIZE OR NET REVENUES OF THE BUSINESS. THE CRITERIA MUST INCLUDE AN ANNUAL GROSS REVENUES LIMITATION FOR PARTICIPATION FOR BUSINESSES, WHICH AMOUNT MAY BE SET AT UP TO OR LESS THAN FIFTY MILLION DOLLARS;

(II) THE NUMBER OF EMPLOYEES WHO MUST BE OFFERED THE OPTION TO PARTICIPATE IN AN EMPLOYEE-OWNERSHIP OPPORTUNITY; AND

(III) ANY OTHER REQUIREMENTS THAT THE OFFICE DEEMS NECESSARY TO FURTHER THE PURPOSES OF THE PROGRAM.

(c) Loans offered as part of the program

~~(f)~~ must be used TOWARD THE PURCHASE OF THE BUSINESS BY THE EMPLOYEES, to obtain technical assistance, or for transition purposes and may not be used to pay off other debt, for general operating expenses, or for capital expenditures. THE OFFICE SHALL ESTABLISH AND MAKE PUBLIC REQUIREMENTS FOR THE TERMS OF THE LOANS, INCLUDING THE MAXIMUM SIZE OF THE LOANS, HOW THE LOANS MUST BE HELD, AND SUCH OTHER TERMS AS THE OFFICE DEEMS NECESSARY TO FURTHER THE PURPOSES OF THE PROGRAM PURSUANT TO SUBSECTION (4)(e) OF THIS SECTION.

~~(H) May not be in an amount greater than fifty percent of the cost of transition, not to exceed ten thousand dollars; and~~

~~(III) Must be held by the owner of the existing business.~~

(5) This section is repealed, effective ~~July 1, 2022~~ JULY 1, 2025.

SECTION 2. 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; 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 2022 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: May 21, 2021