

**Second Regular Session  
Seventy-fifth General Assembly  
STATE OF COLORADO**

**INTRODUCED**

LLS NO. 26-0383.01 Jed Franklin x5484

**HOUSE BILL 26-1003**

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**HOUSE SPONSORSHIP**

**Ricks and Camacho,**

**SENATE SPONSORSHIP**

**Kolker,**

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**House Committees**  
Business Affairs & Labor

**Senate Committees**

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**A BILL FOR AN ACT**

101      **CONCERNING MODIFICATIONS TO THE SMALL BUSINESS RECOVERY AND**  
102      **RESILIENCY LOAN PROGRAM.**

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**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://leg.colorado.gov>.)*

Currently, the purpose of the small business recovery and resiliency loan program (program) is to support the state's recovery from the economic crisis caused by COVID-19 by supporting Colorado small businesses recovering from COVID-19. The bill modifies the purpose of the program to supporting Colorado's small businesses through the program.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
Capital letters or bold & italic numbers indicate new material to be added to existing law.  
Dashes through the words or numbers indicate deletions from existing law.

Currently, money in the small business recovery and resiliency fund (fund) may be used for specified purposes if the money from the fund is matched by money provided by other sources at a ratio of \$1 of money from the fund to \$4 of money from other sources. The bill changes this ratio to \$1 from the fund to \$1 from other sources. Once the money from the fund is matched by other sources and comprises a tranche, the bill specifies that the money from the tranche may be used for loans or to purchase participation interest in loans for businesses as determined by the program oversight board (board), including working capital and the purchase of equipment.

Currently, principal and interest payments on a loan may be deferred for up to one year for circumstances of hardship created by the COVID-19 pandemic or based on ongoing economic conditions. The bill allows a deferral for circumstances of hardship and repeals the requirement that the hardship must be caused by the COVID-19 pandemic or ongoing economic conditions.

Currently, each tranche is subject to an initial period of time, as determined by the board, in which a portion of the money from the fund is allocated to each county, as determined by the board, based on specified criteria or a statutory formula. Currently, the money allocated to each county must be reserved for applications from eligible borrowers located in that county for the initial period of time. The bill repeals the requirement that the money is reserved for the initial period of time and that the money is allocated to a county. The bill requires each tranche of loan funding to be used to fund businesses across the state over the duration of the program. The program will track the distribution of capital to counties.

The bill requires the state treasurer to transfer \$5 million from the fund to the Colorado startup loan program fund on June 30, 2026.

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

2 **SECTION 1.** In Colorado Revised Statutes, 24-48.5-605, **amend**  
3 (1)(b), (4)(a), (4)(b) introductory portion, (4)(b)(IV), and (4)(c) as  
4 follows:

5 **24-48.5-605. Small business recovery and resiliency loan**  
6 **program - creation - requirements - oversight.**

7 (1) (b) The purpose of the loan program is to support ~~the state's~~  
8 ~~recovery from the economic crisis caused by COVID-19 through~~

1 ~~leveraging private investment to support~~ Colorado small businesses  
2 ~~recovering from the crisis caused by COVID-19~~ by making loans,  
3 acquiring participation interest in loans, leveraging private small business  
4 lending through the Colorado credit reserve program, or other activities  
5 that accomplish the same purpose. The loan program is also designed to  
6 support resiliency for small businesses as new challenges emerge. The  
7 loan program may only make loans directly if federal or state bank  
8 regulators prohibit the banking industry from originating loans for the  
9 loan program.

10 (4) Any contract for the administration of a loan program must  
11 include the following terms in order to receive money provided by the  
12 office pursuant to subsection (3) of this section:

13 (a) Except for money contributed to the Colorado credit reserve,  
14 the money from the small business recovery and resiliency fund provided  
15 by the office in a single tranche may not be committed pursuant to a  
16 contract relating to a loan program until money is committed pursuant to  
17 a contract relating to a loan program from other sources at a ratio of at  
18 least ~~four dollars~~ ONE DOLLAR from other sources for each one dollar  
19 provided by the state from the small business recovery and resiliency  
20 fund. If a loan program manager does not secure sufficient investments  
21 from other sources to meet this requirement within the time allowed by  
22 a contract, the money provided by the state must be returned to the small  
23 business recovery and resiliency fund.

24 (b) Except for money contributed to the Colorado credit reserve,  
25 once the money in a tranche is matched in accordance with subsection  
26 (4)(a) of this section, it must be used to make loans or purchase  
27 participation interest in loans for BUSINESSES AS DETERMINED BY THE

1     OVERSIGHT BOARD, INCLUDING working capital ~~including~~ AND the  
2     purchase of equipment. ~~to eligible borrowers, or other activities that~~  
3     ~~accomplish the same purpose~~ The oversight board shall consult with  
4     lending industry leaders and representatives of small businesses with  
5     regard to subsections (4)(b)(I) to (4)(b)(VI) of this section. Each loan  
6     must be subject to the following terms:

7             (IV) Principal and interest payments may be deferred for up to one  
8     year, as determined by the oversight board, with the unpaid interest being  
9     capitalized. Deferrals must be limited to circumstances of hardship.  
10    ~~created by the COVID-19 pandemic or based on ongoing economic~~  
11    ~~conditions~~

12            (c) ~~(f)~~ ~~To ensure geographic equity, each tranche of loan funding~~  
13    ~~must be subject to an initial period of time in which a portion of the~~  
14    ~~money is allocated to each county on a basis proportional to the county's~~  
15    ~~share of small businesses relative to the state, the county's share of small~~  
16    ~~business employees relative to the state, the county's share of small~~  
17    ~~business personal property relative to the state, or other similar metrics as~~  
18    ~~determined by the oversight board, or based on a formula established~~  
19    ~~under subsection (4)(c)(IV) of this section. The money allocated to each~~  
20    ~~county must be reserved for applications from eligible borrowers located~~  
21    ~~in that county for the initial period of time. For the purposes of this~~  
22    ~~subsection (4)(c), an eligible borrower is considered to be located in the~~  
23    ~~county in which it has its principal place of business, as reflected in its~~  
24    ~~most recent filing with the secretary of state or subject to such other~~  
25    ~~documentation as the oversight board establishes. The oversight board~~  
26    ~~shall determine the amount of time in which the money in each tranche~~  
27    ~~is subject to a geographic restriction under this subsection (4)(c)(f) EACH~~

1       TRANCHE OF LOAN FUNDING SHALL BE USED TO FUND BUSINESSES ACROSS  
2       THE STATE OVER THE DURATION OF THE PROGRAM. THE PROGRAM SHALL  
3       TRACK THE DISTRIBUTION OF CAPITAL TO COUNTIES.

4               ~~(II) Once the time period established by the oversight board under~~  
5       ~~subsection (4)(c)(I) of this section has passed, all money remaining in the~~  
6       ~~tranche is available to eligible borrowers on a statewide basis.~~

7               ~~(III) For money contributed to the Colorado credit reserve, the~~  
8       ~~oversight board may waive the requirements of this subsection (4)(c) or~~  
9       ~~establish alternative geographic distribution requirements or targets.~~

10              ~~(IV) For any tranche of loan funding, the oversight board may, in~~  
11       ~~its discretion, establish an alternative formula for the allocation of money~~  
12       ~~to counties for purposes of subsection (4)(c)(I) of this section that~~  
13       ~~accounts for how affected each county has been by the COVID-19~~  
14       ~~pandemic and its impacts or based on ongoing economic conditions.~~

15              **SECTION 2.** In Colorado Revised Statutes, 24-48.5-608, **add**  
16       (2)(d) as follows:

17              **24-48.5-608. Small business recovery and resiliency fund -**  
18       **repeal.**

19              (2) (d) (I) ON JUNE 30, 2026, THE STATE TREASURER SHALL  
20       TRANSFER FIVE MILLION DOLLARS FROM THE SMALL BUSINESS RECOVERY  
21       AND RESILIENCY FUND TO THE COLORADO STARTUP LOAN PROGRAM FUND  
22       ESTABLISHED IN SECTION 24-48.5-131 (9).

23              (II) THIS SUBSECTION (2)(d) IS REPEALED, EFFECTIVE JULY 1, 2027.

24              **SECTION 3. Safety clause.** The general assembly finds,  
25       determines, and declares that this act is necessary for the immediate  
26       preservation of the public peace, health, or safety or for appropriations for

- 1 the support and maintenance of the departments of the state and state
- 2 institutions.