



## Fiscal Note

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HB 25-1329: FOREIGN THIRD-PARTY LITIGATION FINANCING

#### Prime Sponsors:

Rep. Mabrey; Soper  
Sen. Frizell; Gonzales J.

#### Fiscal Analyst:

Clayton Mayfield, 303-866-5851  
clayton.mayfield@coleg.gov

**Published for:** Senate Judiciary

**Drafting number:** LLS 25-1033

**Version:** First Revised Note

**Date:** April 28, 2025

**Fiscal note status:** This revised fiscal note reflects the reengrossed bill. It has also been updated to reflect information received by the Department of Law.

### Summary Information

**Overview.** The bill requires foreign third-party litigation funders to provide certain information to the Attorney General and creates a deceptive trade practice for violations.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

- Minimal State Revenue
- State Expenditures

**Appropriations.** For FY 2025-26, the bill requires an appropriation of \$23,794 to the Department of Law.

**Table 1**  
**State Fiscal Impacts**

Type of Impact <sup>1</sup>	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$29,734	\$39,645
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.3 FTE	0.4 FTE

<sup>1</sup> Fund sources for these impacts are shown in the tables below.

**Table 1A**  
**State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	\$23,794	\$31,726
Cash Funds	\$0	\$0
Federal Funds	\$0	\$0
Centrally Appropriated	\$5,940	\$7,919
<b>Total Expenditures</b>	<b>\$29,734</b>	<b>\$39,645</b>
<b>Total FTE</b>	<b>0.3 FTE</b>	<b>0.4 FTE</b>

## Summary of Legislation

The bill requires foreign third-party litigation funders (TPLF), who are parties that agree to finance legal costs in exchange for a portion of settlement or judgment funds if the party prevails in a civil case, to submit certain information to the Attorney General. This information must identify funders and include a copy of litigation financing agreements. Information must be submitted upon filing of civil actions, or within 35 days if civil actions are filed prior to the execution of financing agreements. Funders are prohibited from:

- utilizing a domestic entity to provide funds;
- interfere with the right of appropriate parties to direct the course of a civil action;
- assigning a right to profits other than a share of civil action proceeds as detailed in financing agreements; and
- sharing proprietary or national security information obtained as a result of financing agreements with anyone who is not a party to or an attorney involved in the civil action.

Financing agreements are subject to discovery under court rules. Financing agreements that do not comply with the bill's requirements are void and constitute a deceptive trade practice. The Attorney General can enforce compliance with the bill and impose sanctions to the foreign third-party. The bill does not apply to nonprofit organizations that represent clients on a pro bono basis.

Finally, the Department of Law is required to report information on foreign funding of court cases during its annual SMART Act hearing starting January 1, 2026.

## State Revenue

Under the Colorado Consumer Protection Act, a person committing a deceptive trade practice may be subject to a civil penalty of up to \$20,000 for each violation. Additional penalties may be imposed for subsequent violations of a court order or injunction. This revenue is classified as a

damage award and not subject to TABOR. Given the uncertainty about the number of cases that may be pursued by the Attorney General and district attorneys, as well as the wide range in potential penalty amounts, the fiscal note cannot estimate the potential impact of these civil penalties.

Additionally, the bill may increase filing fee revenue to the Judicial Department from an increase in civil case filings from parties other than the Attorney General or district attorneys who file deceptive trade practice cases. Revenue from filing fees is subject to TABOR.

## State Expenditures

The bill increases state expenditures in the Department of Law (DOL) by about \$30,000 in FY 2025-26 and \$40,000 in FY 2026-27 and future years. These costs, paid from the General Fund, are summarized in Table 2 and discussed below. The bill also minimally affects workload in the Judicial Department.

**Table 2**  
**State Expenditures**  
**Department of Law**

<b>Cost Component</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Personal Services	\$23,794	\$31,726
Centrally Appropriated Costs	\$5,940	\$7,919
<b>Total Costs</b>	<b>\$29,734</b>	<b>\$39,645</b>
<b>Total FTE</b>	<b>0.3 FTE</b>	<b>0.4 FTE</b>

## Department of Law

The bill increases workload and costs in the DOL for duties required for foreign TPLF agreements and deceptive trade practice enforcement.

## Foreign TPLF Agreements

The DOL requires 0.4 FTE Legal Assistant to receive, review, and perform other required duties regarding foreign TPLF agreements. Limited available data suggests that 42 active funders committed a total of \$2.3 billion across 287 TPLF agreements nationwide in FY 2023-24; however, it is unknown how many of these were foreign TPLF agreements. This fiscal note assumes Colorado makes up 2 percent of the national civil litigation market, and up to five foreign TPLF agreements per year will be executed in civil cases filed in the Colorado court system. Staff requirements will depend on the number of foreign TPLF agreements filed in state court, and may require adjustment through the annual budget process. Costs for FY 2025-26 are prorated for a September 1, 2025, start date.

## Deceptive Trade Practice Enforcement

Workload in the DOL will increase if additional deceptive trade practice complaints are filed. The department will review complaints under the bill and prioritize investigations as necessary within the overall number of deceptive trade practice complaints and available resources.

## Judicial Department

The trial courts in the Judicial Department may have an increase in cases filed under the Colorado Consumer Protection Act from the addition of a new deceptive trade practice. It is assumed that litigation funders will abide by the law and that any violation of the legislation will result in minimal number of new cases. The fiscal note assumes that this can be accomplished within existing resources and that no change in appropriations is required.

## Local Government

---

Similar to the state, if district attorneys receive deceptive trade practice complaints related to the new deceptive trade practice under the bill, workload will increase to investigate complaints and seek relief when appropriate. It is assumed most such cases will be handled at the state level by the Attorney General.

## Effective Date

---

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## State Appropriations

---

For FY 2025-26, the bill requires a General Fund appropriation of \$23,794 to the Department of Law, and 0.3 FTE.

## State and Local Government Contacts

---

Judicial	Law
----------	-----

---

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).