



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: House Judiciary

Drafting number: LLS 25-1033

Version: Initial Fiscal Note

Date: April 14, 2025

Fiscal note status: The fiscal note reflects the introduced bill. Due to time constraints, this analysis is preliminary and will be updated following further review and any additional information received.

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
- Minimal State Workload

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

The bill requires foreign third-party litigation funders, 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:

- entering into financing agreements where the funds are sourced in whole or in part from a foreign entity;
- 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 Attorney General is required to annually report information on foreign involvement in court cases to the General Assembly 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 and the Judicial Department as discussed below.

Department of Law

Workload in the Department of Law 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.

Additionally, workload will increase for the department to receive, review, and perform other required duties, including reporting to the General Assembly, regarding financing agreements with foreign third parties. The fiscal note assumes that financing agreements covered by the bill are relatively rare, with fewer than 12 executed per year in the state. Based on this, it is further assumed that any workload increase for the department regarding financing agreements that is not related to deceptive trade practice enforcement will be minimal. No change in appropriations is required.

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 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](#).