

CHAPTER 376

CONSUMER AND COMMERCIAL TRANSACTIONS

HOUSE BILL 22-1359

BY REPRESENTATIVE(S) Bacon and Snyder, Benavidez, Bernett, Bird, Boesenecker, Caraveo, Cutter, Esgar, Gonzales-Gutierrez, Hooton, Jodeh, Kennedy, Lindsay, Lontine, McCluskie, Michaelson Jenet, Sirota, Valdez D., Weissman, Garnett, Herod, Kipp, Ricks, Valdez A., Woodrow;
also SENATOR(S) Rodriguez and Lee, Bridges, Buckner, Coleman, Ginal, Gonzales, Moreno, Winter, Zenzinger, Fenberg.

AN ACT

CONCERNING THE CREATION OF THE COLORADO HOUSEHOLD FINANCIAL RECOVERY PILOT PROGRAM, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

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

SECTION 1. In Colorado Revised Statutes, **add** part 3 to article 36 of title 24 as follows:

**PART 3
COLORADO HOUSEHOLD FINANCIAL
RECOVERY PILOT PROGRAM**

24-36-301. Short title. THE SHORT TITLE OF THIS PART 3 IS THE "COLORADO HOUSEHOLD FINANCIAL RECOVERY PILOT PROGRAM ACT".

24-36-302. Legislative declaration. (1) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

(a) THE COVID-19 PANDEMIC HAS HAD DEVASTATING ECONOMIC AND HEALTH CONSEQUENCES ACROSS THE STATE, NEGATIVELY IMPACTING MANY COLORADANS AND DISPROPORTIONATELY HARMING INDIVIDUALS AND HOUSEHOLDS THAT WERE ALREADY ECONOMICALLY INSECURE;

(b) THE COVID-19 PANDEMIC HAS CAUSED MANY LOW- AND MODERATE-INCOME INDIVIDUALS AND HOUSEHOLDS TO LOSE INCOME DUE TO THE LOSS OF EMPLOYMENT, SPEND DOWN THEIR SAVINGS, BORROW FROM FRIENDS, AND INCUR MORE DEBT;

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.

(c) AS A RESULT OF THE RECESSION PRECIPITATED BY THE COVID-19 PANDEMIC, LONG-TERM ECONOMIC CHALLENGES CONTINUE FOR MANY IN COLORADO, DUE TO, AMONG OTHER FACTORS, DAMAGED CONSUMER CREDIT SCORES AND REDUCED FAMILIAL AND CHILDHOOD WELL-BEING;

(d) FURTHER, MANY INDIVIDUALS AND HOUSEHOLDS FACING FINANCIAL INSECURITY, INCLUDING UNSERVED AND UNDERSERVED POPULATIONS, LACK ACCESS TO FINANCIAL AND BANKING SERVICES, INCLUDING AFFORDABLE LOANS, TO HELP ADDRESS ECONOMIC INSECURITY;

(e) TOGETHER WITH FINANCIAL COACHING AND SAFE AND AFFORDABLE BANKING PRODUCTS, LOW-COST LOANS ARE AN IMPORTANT TOOL TO BUILD LONG-TERM FINANCIAL HEALTH;

(f) BY INCENTIVIZING FINANCIAL INSTITUTIONS TO ISSUE LOANS TO IMPACTED INDIVIDUALS AND HOUSEHOLDS THROUGH A LOAN LOSS RESERVE, BUYING DOWN INTEREST RATES, OR PROVIDING LENDING CAPITAL, THE STATE CAN FOSTER LONG-TERM TRANSFORMATIVE CHANGE FOR INDIVIDUALS AND HOUSEHOLDS IMPACTED BY THE COVID-19 PANDEMIC OR ITS NEGATIVE ECONOMIC IMPACTS;

(g) WITH ONE-TIME MONEY, THE STATE CAN CATALYZE POSITIVE MARKET FORCES THAT EXIST OUTSIDE OF STATE GOVERNMENT, LEVERAGING NEW, OR FREEING UP EXISTING, RESOURCES TO SUPPORT THE CREATION OF AFFORDABLE LENDING PRODUCTS CURRENTLY UNAVAILABLE TO MANY COLORADANS; AND

(h) THEREFORE, THE CREATION OF A HOUSEHOLD FINANCIAL RECOVERY PILOT PROGRAM SUPPORTS THE LONG-TERM RECOVERY OF COLORADO INDIVIDUALS AND HOUSEHOLDS IMPACTED BY THE COVID-19 PANDEMIC AND IS AN APPROPRIATE RESPONSE TO THE HARM CAUSED BY THE COVID-19 PANDEMIC OR ITS NEGATIVE ECONOMIC IMPACTS.

24-36-303. Definitions. AS USED IN THIS PART 3, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(1) "ADMINISTRATOR" MEANS AN ENTITY THAT THE STATE TREASURER CONTRACTS WITH PURSUANT TO SECTION 24-36-304 TO ADMINISTER THE PROGRAM.

(2) "COUNCIL" MEANS THE COUNCIL ESTABLISHED PURSUANT TO SECTION 24-31-1102 (3)(c) BY THE FINANCIAL EMPOWERMENT OFFICE CREATED IN SECTION 24-31-1101.

(3) "COVID-19" MEANS THE CORONAVIRUS DISEASE CAUSED BY THE SEVERE ACUTE RESPIRATORY SYNDROME CORONAVIRUS 2, ALSO KNOWN AS SARS-CoV-2.

(4) "FUND" MEANS THE COLORADO HOUSEHOLD FINANCIAL RECOVERY PILOT PROGRAM FUND CREATED IN SECTION 24-36-306.

(5) "PROGRAM" MEANS THE COLORADO HOUSEHOLD FINANCIAL RECOVERY PILOT PROGRAM CREATED IN THIS PART 3.

24-36-304. Colorado household financial recovery pilot program - created

- selection of administrators - grants. (1) THE STATE TREASURER SHALL ESTABLISH THE COLORADO HOUSEHOLD FINANCIAL RECOVERY PILOT PROGRAM ADMINISTERED IN ACCORDANCE WITH THE REQUIREMENTS OF THIS PART 3 AND ANY POLICIES ESTABLISHED FOR THE PROGRAM BY THE STATE TREASURER OR BY AN ADMINISTRATOR PURSUANT TO SUBSECTION (8) OF THIS SECTION. THE PURPOSE OF THE PROGRAM IS TO FACILITATE LENDING TO INDIVIDUALS AND HOUSEHOLDS IMPACTED BY THE COVID-19 PANDEMIC WHO FACE FINANCIAL INSECURITY AND WHO HAVE DIFFICULTY ACCESSING AFFORDABLE LOANS TO ADDRESS THE FINANCIAL INSECURITY.

(2) (a) IN RESPONSE TO THE COVID-19 PANDEMIC AND THE HARM CAUSED TO INDIVIDUALS AND HOUSEHOLDS BY ITS NEGATIVE ECONOMIC IMPACTS, MONEY FOR THE PROGRAM MAY BE USED FOR ONE OR MORE OF THE FOLLOWING PURPOSES UNDER THE PROGRAM TO ASSIST INDIVIDUALS AND HOUSEHOLDS IMPACTED BY THE COVID-19 PANDEMIC:

(I) TO ESTABLISH A LOAN LOSS RESERVE IN ACCORDANCE WITH SUBSECTION (9) OF THIS SECTION TO PARTIALLY OFFSET RISK TO LENDERS IN MAKING LOANS TO INDIVIDUALS AND HOUSEHOLDS IMPACTED BY THE COVID-19 PANDEMIC;

(II) TO MAKE PAYMENTS TO LENDERS TO BUY DOWN THE INTEREST RATE ON LOANS MADE TO INDIVIDUALS AND HOUSEHOLDS IMPACTED BY THE COVID-19 PANDEMIC;

(III) TO PROVIDE LENDING CAPITAL FOR UNCOLLATERALIZED LOANS TO INDIVIDUALS AND HOUSEHOLDS IMPACTED BY THE COVID-19 PANDEMIC. ALL LOANS MADE OR INCENTIVIZED UNDER THE PROGRAM MUST INCLUDE THE FOLLOWING TERMS:

(A) A MAXIMUM LOAN AMOUNT OF FIVE THOUSAND DOLLARS, WHICH LOAN AMOUNT MAY OTHERWISE VARY IN PROPORTION TO THE HARM EXPERIENCED BY THE INDIVIDUALS OR HOUSEHOLDS IMPACTED BY THE COVID-19 PANDEMIC;

(B) A MAXIMUM ANNUAL PERCENTAGE RATE OF FIVE PERCENT;

(C) BORROWER REPORTING; AND

(D) REPORTING TO MAJOR CREDIT AGENCIES CONCERNING REQUIRED PAYMENTS ON THE LOAN.

(IV) TO AWARD GRANTS TO NONPROFIT COMMUNITY-BASED ORGANIZATIONS IN ACCORDANCE WITH SUBSECTION (10) OF THIS SECTION TO CONDUCT MARKETING AND OUTREACH TO INDIVIDUALS AND HOUSEHOLDS IMPACTED BY THE COVID-19 PANDEMIC WHO MAY BE ELIGIBLE TO PARTICIPATE IN THE PROGRAM, INCLUDING MARKETING AND OUTREACH TO INDIVIDUALS AND HOUSEHOLDS THAT ARE ECONOMICALLY INSECURE AND FINANCIALLY UNSERVED AND UNDERSERVED.

(b) THE STATE TREASURER MAY CONTRACT WITH ONE OR MORE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS TO ADMINISTER ALL OR A PORTION OF THE MONEY AVAILABLE FOR THE PROGRAM.

(3) THE STATE TREASURER SHALL:

(a) USE AN OPEN AND COMPETITIVE PROCESS FOR SELECTING ONE OR MORE ADMINISTRATORS; AND

(b) SELECT AN APPLICANT OR APPLICANTS TO ADMINISTER THE PROGRAM BASED ON THE FOLLOWING CRITERIA:

(I) THE APPLICANT'S PROPOSED USE OF MONEY AND WHETHER THE PROPOSED USE ALIGNS WITH PROGRAM GOALS;

(II) THE STRENGTH OF THE APPLICANT'S RELATIONSHIPS WITH NONPROFIT COMMUNITY-BASED ORGANIZATIONS THAT SERVE INDIVIDUALS AND HOUSEHOLDS IMPACTED BY THE COVID-19 PANDEMIC WHO:

(A) ARE TRADITIONALLY UNSERVED OR UNDERSERVED BY THE CURRENT BANKING SYSTEM; AND

(B) SUFFERED THE GREATEST HARM FROM THE NEGATIVE ECONOMIC IMPACTS OF THE COVID-19 PANDEMIC, INCLUDING PEOPLE OF COLOR, INDIVIDUALS IN LOW-WAGE EMPLOYMENT, WOMEN, AND INDIVIDUALS WITHOUT COLLEGE DEGREES;

(III) THE APPLICANT'S ABILITY TO CONNECT BORROWERS TO:

(A) SAFE AND AFFORDABLE BANKING PRODUCTS WITH LOW FEES AND EASY ACCESS TO ACCOUNTS; AND

(B) FINANCIAL COUNSELING AND COACHING AND WEALTH-BUILDING SERVICES;

(IV) THE APPLICANT'S ABILITY TO SERVE INDIVIDUALS WHO ARE UNDERSERVED BY TRADITIONAL LENDERS, INCLUDING INDIVIDUALS WHO HAVE NO CREDIT HISTORY;

(V) THE ABILITY OF THE APPLICANT TO DEVISE LOAN PAYMENT PLANS THAT INCLUDE OPPORTUNITIES TO BUILD SAVINGS; AND

(VI) THE APPLICANT'S ABILITY TO ATTRACT LENDING CAPITAL.

(4) IN SELECTING AN APPLICANT OR APPLICANTS TO ADMINISTER THE PROGRAM, THE STATE TREASURER SHALL CONSULT WITH THE COUNCIL. MEMBERS OF THE COUNCIL WHO ARE OFFICIALS IN OR EMPLOYEES OF THE DEPARTMENT OF LAW SHALL RECUSE THEMSELVES FROM THE EVALUATION AND SELECTION PROCESS.

(5) THE STATE TREASURER MAY ADVANCE MONEY UNDER A CONTRACT TO AN APPLICANT SELECTED TO ADMINISTER THE PROGRAM IN ORDER TO PAY FOR INITIAL COSTS.

(6) THE STATE TREASURER'S CONTRACT WITH AN ADMINISTRATOR MAY REQUIRE THE RETURN OF MONEY FROM THE ADMINISTRATOR FOR REALLOCATION UNDER THE PROGRAM IF THE ADMINISTRATOR HAS BEEN UNABLE TO EFFECTIVELY USE MONEY ALLOCATED FOR THE PROGRAM.

(7) THE STATE TREASURER'S CONTRACT WITH AN ADMINISTRATOR MAY REQUIRE AN ADMINISTRATION FEE IN AN AMOUNT REASONABLY CALCULATED TO COVER THE ONGOING COSTS OF THE STATE TREASURER IN OVERSEEING THE PROGRAM ADMINISTRATION. THE STATE TREASURER SHALL DEPOSIT THE ADMINISTRATION FEE IN THE FUND.

(8) THE STATE TREASURER, IN COLLABORATION WITH ANY ADMINISTRATOR SELECTED BY THE STATE TREASURER, SHALL ESTABLISH AND PUBLICIZE POLICIES FOR THE USE OF MONEY UNDER THE PROGRAM, TO INCLUDE:

(a) PROGRAM DEADLINES, APPLICATION PROCEDURES AND FEES, AND ANY OTHER COSTS ASSOCIATED WITH THE USE OF MONEY UNDER THE PROGRAM;

(b) UNDERWRITING OR RISK MANAGEMENT POLICIES; AND

(c) ELIGIBILITY REQUIREMENTS TO INCLUDE INDIVIDUALS AND HOUSEHOLDS IMPACTED BY THE COVID-19 PANDEMIC.

(9) (a) IF THE STATE TREASURER DETERMINES THAT A LOAN LOSS RESERVE WILL INCENTIVIZE LENDING TO INDIVIDUALS AND HOUSEHOLDS IMPACTED BY THE COVID-19 PANDEMIC, THE STATE TREASURER MAY ESTABLISH A LOAN LOSS RESERVE FOR THE PROGRAM IN THE DEPARTMENT OF THE TREASURY, OR MAY SELECT ONE OR MORE ADMINISTRATORS PURSUANT TO SUBSECTION (3) OF THIS SECTION TO ESTABLISH A LOAN LOSS RESERVE. THE LOAN LOSS RESERVE MAY BE USED TO PROVIDE GRANTS TO FINANCIAL INSTITUTIONS PARTICIPATING IN THE PROGRAM TO PARTIALLY OFFSET LOSSES ON LOANS MADE TO INDIVIDUALS AND HOUSEHOLDS IMPACTED BY THE COVID-19 PANDEMIC.

(b) THE STATE TREASURER SHALL DETERMINE THE AMOUNT AND CONDITIONS FOR THE OFFSET OF LOSSES THROUGH THE LOAN LOSS RESERVE AND SHALL ESTABLISH AND PUBLICIZE POLICIES FOR PARTICIPATING FINANCIAL INSTITUTIONS.

(10) (a) THE STATE TREASURER, OR AN ADMINISTRATOR SELECTED PURSUANT TO SUBSECTION (3) OF THIS SECTION, MAY AWARD GRANTS TO NONPROFIT COMMUNITY-BASED ORGANIZATIONS TO CONDUCT MARKETING AND OUTREACH TO INDIVIDUALS AND HOUSEHOLDS IMPACTED BY THE COVID-19 PANDEMIC WHO MAY BE ELIGIBLE TO PARTICIPATE IN THE PROGRAM, INCLUDING MARKETING AND OUTREACH TO INDIVIDUALS AND HOUSEHOLDS THAT ARE ECONOMICALLY INSECURE AND FINANCIALLY UNSERVED AND UNDERSERVED. THE STATE TREASURER, IN COLLABORATION WITH ANY ADMINISTRATOR SELECTED PURSUANT TO SUBSECTION (3) OF THIS SECTION, SHALL DEVELOP PROCEDURES FOR APPLYING FOR A GRANT, FOR ALLOWABLE USES OF GRANT MONEY, AND FOR REPORTING ON THE USE OF GRANT MONEY.

(b) A NONPROFIT COMMUNITY-BASED ORGANIZATION MAY USE A GRANT TO PROVIDE SERVICES AND ASSISTANCE TO THE PROGRAM, INCLUDING:

(I) EDUCATIONAL AND OUTREACH ACTIVITIES, INCLUDING STAFF SUPPORT FOR THESE ACTIVITIES;

(II) TECHNICAL ASSISTANCE RELATING TO THE PROGRAM; AND

(III) OTHER ACTIVITIES THAT HELP CONNECT INDIVIDUALS AND HOUSEHOLDS IMPACTED BY THE COVID-19 PANDEMIC TO THE PROGRAM.

24-36-305. Report. (1) ON OR BEFORE NOVEMBER 1, 2023, AND ON OR BEFORE NOVEMBER 1 OF EACH YEAR THEREAFTER IN WHICH THE PROGRAM IS BEING ADMINISTERED BY THE STATE TREASURER OR A SELECTED ADMINISTRATOR, THE SELECTED ADMINISTRATOR OR ADMINISTRATORS SHALL SUBMIT A COMBINED REPORT TO THE GOVERNOR AND TO THE HOUSE OF REPRESENTATIVES BUSINESS AFFAIRS AND LABOR COMMITTEE AND THE SENATE BUSINESS, LABOR, AND TECHNOLOGY COMMITTEE, OR THEIR SUCCESSOR COMMITTEES, DETAILING THE EXPENDITURE OF MONEY APPROPRIATED FOR THE PROGRAM AND THE IMPACT OF THE PROGRAM ON INDIVIDUALS AND HOUSEHOLDS IMPACTED BY THE COVID-19 PANDEMIC OR ITS NEGATIVE ECONOMIC IMPACTS. NOTWITHSTANDING THE REQUIREMENTS OF SECTION 24-1-136 (11)(a)(I), THE REQUIREMENT IN THIS SUBSECTION (1) TO SUBMIT THE REPORT CONTINUES INDEFINITELY.

(2) AT A MINIMUM, THE REPORT SUBMITTED PURSUANT TO SUBSECTION (1) OF THIS SECTION MUST INCLUDE:

(a) THE PURPOSES, AS SPECIFIED IN SECTION 24-36-304 (2)(a), FOR WHICH PROGRAM MONEY WAS USED, AND THE NUMBER AND A DESCRIPTION OF THE INDIVIDUALS AND HOUSEHOLDS BENEFITTING FROM THE PROGRAM;

(b) THE GEOGRAPHIC DISTRIBUTION OF PROGRAM BENEFICIARIES;

(c) THE NUMBER OF LOAN DEFAULTS;

(d) INFORMATION CONCERNING THE USE AND IMPACT OF A LOAN LOSS RESERVE; AND

(e) A SUMMARY OF GRANTS AWARDED TO NONPROFIT COMMUNITY-BASED ORGANIZATIONS TO PROVIDE EDUCATIONAL AND OUTREACH ACTIVITIES AND ASSISTANCE TO THE PROGRAM.

24-36-306. Colorado household financial recovery pilot program fund - created - transfer - gifts, grants, and donations authorized. (1) (a) THE COLORADO HOUSEHOLD FINANCIAL RECOVERY PILOT PROGRAM FUND IS HEREBY CREATED IN THE STATE TREASURY.

(b) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE FUND TO THE FUND.

(c) MONEY APPROPRIATED, TRANSFERRED, OR CREDITED TO THE FUND IS CONTINUOUSLY APPROPRIATED TO THE STATE TREASURER FOR THE PURPOSES SPECIFIED IN SUBSECTION (4) OF THIS SECTION.

(d) THE STATE TREASURER MAY EXPEND UP TO FOUR PERCENT OF THE MONEY APPROPRIATED TO THE FUND TO PAY THE DIRECT AND INDIRECT COSTS INCURRED BY THE STATE TREASURER IN IMPLEMENTING OR ADMINISTERING THE PROGRAM.

(2) THE FUND CONSISTS OF:

(a) MONEY APPROPRIATED TO THE FUND BY THE GENERAL ASSEMBLY FOR PURPOSES OF THIS PART 3;

(b) MONEY TRANSFERRED TO THE FUND;

(c) FEES COLLECTED PURSUANT TO SECTION 24-36-304 (7); AND

(d) GIFTS, GRANTS, OR DONATIONS CREDITED TO THE FUND PURSUANT TO SUBSECTION (3) OF THIS SECTION.

(3) THE STATE TREASURER MAY SEEK, ACCEPT, AND EXPEND GIFTS, GRANTS, OR DONATIONS FROM PRIVATE OR PUBLIC SOURCES FOR THE PURPOSES OF THIS PART 3. THE STATE TREASURER SHALL CREDIT ALL MONEY RECEIVED THROUGH GIFTS, GRANTS, AND DONATIONS TO THE FUND.

(4) MONEY IN THE FUND MAY BE USED FOR:

(a) THE PURPOSES SPECIFIED IN SECTION 24-36-304; AND

(b) ANY OTHER PURPOSE RELATING TO THE ADMINISTRATION AND IMPLEMENTATION OF THIS PART 3.

SECTION 2. Appropriation. (1) For the 2022-23 state fiscal year, \$5,200,000 is appropriated to the Colorado household financial recovery pilot program fund created in section 24-36-306 (1)(a), C.R.S. This appropriation is from the general fund. The department of the treasury is responsible for the accounting related to this appropriation.

(2) For the 2022-23 state fiscal year, \$59,142 is appropriated to the department of law. This appropriation is from reappropriated funds received from the department of the treasury from the Colorado household financial recovery pilot program fund created in section 24-36-306 (1)(a), C.R.S., and is based on an assumption that the department of law will require an additional 0.3 FTE. To implement this act, the department of law may use this appropriation to provide legal services for the department of the treasury.

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

Approved: June 3, 2022