

Law Firm Modernization Act

Section 1. Title

This measure shall be known and may be cited as the “Law Firm Modernization Act.”

Section 2. Findings and Declarations

The people of the State of Colorado find and declare that:

1. Modernizing the ownership structures of legal services is vital for enhancing access to justice and fostering innovation in the legal sector.
2. The current regulatory framework under the Colorado Supreme Court’s authority restricts the ownership of legal service providers to licensed attorneys, limiting innovation and access to legal services.
3. This initiative aims to repeal Colorado Rule of Professional Conduct 5.4 and redefine the regulation of ownership in legal service providers, allowing diverse participation to promote greater innovation and accessibility to legal services.

Section 3. Provisions

1. **Transfer of Regulatory Authority:** The regulatory authority over the ownership of legal service providers is hereby transferred from the Colorado Supreme Court to the Colorado Legislature.

2. **Permissible Ownership:** Legal service providers in Colorado may be owned, wholly or partially, by a broader range of individuals, including but not limited to:

- Current or former employees of a legal service provider.
- Retired attorneys or attorneys on inactive status.
- Immediate and extended family members of licensed attorneys.
- Private investors, venture capitalists, and other financial stakeholders.
- Members of the public.

This ownership is subject to regulation and oversight by the Colorado Legislature.

3. **Professional Independence and Ethical Standards:** The professional judgment and ethical obligations of lawyers must not be interfered with by non-lawyer owners. The Colorado Legislature shall establish regulatory and enforcement mechanisms to safeguard these principles.

4. **Consumer Protection:** Client rights and interests shall be paramount in the regulation of legal service providers, with adherence to high standards of consumer protection and confidentiality as determined by the Colorado Legislature.

5. Legislative Implementation and Oversight: The Colorado Legislature shall enact necessary legislation to implement and enforce this Act, including establishing a comprehensive regulatory framework for legal service provider ownership.

Section 4. Implementation

This Act shall take effect on January 1, 2025.

Section 5. Severability

If any part of this Act or its application to any person or circumstance is held invalid, the remainder of the Act, or the application of the provision to other persons or circumstances, is not affected.

Section 6. Conflicting Measures

If this measure and another measure related to the regulation of legal service providers appear on the same statewide ballot, and this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety.