

HOUSE COMMITTEE OF REFERENCE REPORT

\_\_\_\_\_  
Chair of Committee

April 29, 2026  
Date

Committee on Judiciary.

After consideration on the merits, the Committee recommends the following:

HB26-1421 be amended as follows, and as so amended, be referred to the Committee of the Whole with favorable recommendation:

1 Amend printed bill, page 3, strike lines 7 and 8 and substitute:

2           "(a) THE RULES OF THE COLORADO SUPREME COURT GOVERNING  
3 THE PRACTICE OF LAW UNDERSCORE THAT THE INDEPENDENT  
4 PROFESSIONAL JUDGMENT OF LAWYERS IS ESSENTIAL TO THE FAIR  
5 ADMINISTRATION OF JUSTICE AND RESTRICT THE SHARING OF LEGAL FEES  
6 WITH NONLAWYERS AND NONLAWYER OWNERSHIP OR CONTROL OF A LAW  
7 FIRM;"

8 Page 3, line 10, strike "LEGAL FEES," and substitute "LAW FIRMS AND  
9 THEIR FEES,"

10 Page 3, line 18, strike "AND FEE SHARING;" and substitute "OF LAW FIRMS  
11 AND THE CONCOMITANT SHARING OF ATTORNEY FEES;"

12 Page 3, line 25, strike "SERVICES;" and substitute "SERVICES TO THIRD  
13 PARTIES;"

14 Page 4, line 3, after "EFFECTIVE" insert "ADDITIONAL".

15 Page 4, after line 4 insert:

16           "(3) IT IS NOT THE INTENT OF THE GENERAL ASSEMBLY TO:  
17           (a) PROHIBIT OR RESTRICT THE ABILITY OF CREDITORS OR LAWFUL  
18 ASSIGNEES OF CLAIMS TO ENFORCE THE CLAIMS, INCLUDING THROUGH THE  
19 USE OF LAWYERS; OR  
20           (b) ALTER LONGSTANDING PRACTICES RELATED TO DEBT  
21 COLLECTION IF LEGAL SERVICES ARE RENDERED IN COMPLIANCE WITH

1 APPLICABLE RULES OF PROFESSIONAL CONDUCT."

2 Page 4, line 23, after "(2)" insert "(a)".

3 Page 5, after line 5 insert:

4 "(b) "ECONOMICALLY PARTICIPATES IN" DOES NOT INCLUDE A  
5 FINANCIAL INTEREST ARISING SOLELY FROM THE OWNERSHIP OR  
6 ASSIGNMENT OF A CLAIM IF THE PERSON DOES NOT DIRECT OR CONTROL  
7 THE PROFESSIONAL JUDGMENT OF A LAWYER."

8 Page 5, line 7, after "PROPRIETORSHIP," insert "EMPLOYER OF A LAWYER  
9 WHO IS DIRECTLY EMPLOYED AS IN-HOUSE COUNSEL OR LICENSED UNDER  
10 A SINGLE-CLIENT CERTIFICATION,".

11 Page 6, line 2, strike "SERVICES;" and substitute "SERVICES TO A CLIENT;".

12 Page 6, line 26, strike "OR".

13 Page 7, line 2, strike "EMPLOYMENT." and substitute "EMPLOYMENT;

14 (IV) AMOUNTS RECOVERED ON A CLAIM BY A PERSON THAT OWNS  
15 OR HAS BEEN ASSIGNED THE CLAIM IF THE RECOVERY DOES NOT  
16 CONSTITUTE COMPENSATION FOR LEGAL SERVICES; OR

17 (V) ANY STATUTORY OR CONTRACTUAL ENTITLEMENT TO  
18 ATTORNEY FEE REIMBURSEMENT HELD BY A LAW FIRM'S CLIENT OR DIRECT  
19 EMPLOYER."

20 Page 7, strike lines 3 through 12 and substitute:

21 "(6) "LEGAL SERVICES" MEANS ANY OF THE FOLLOWING WHILE  
22 ACTING IN A REPRESENTATIVE CAPACITY CONCERNING A LEGAL RIGHT  
23 ARISING IN WHOLE OR IN PART IN COLORADO:

24 (a) PROTECTING, DEFENDING, OR ENFORCING THE LEGAL RIGHTS OR  
25 DUTIES OF ANOTHER PERSON;

26 (b) REPRESENTING ANOTHER PERSON BEFORE A TRIBUNAL OR, ON  
27 BEHALF OF ANOTHER PERSON, DRAFTING PLEADINGS OR OTHER PAPERS FOR  
28 A PROCEEDING BEFORE A TRIBUNAL;

29 (c) COUNSELING, ADVISING, OR ASSISTING ANOTHER PERSON IN  
30 CONNECTION WITH THAT PERSON'S LEGAL RIGHTS OR DUTIES;

31 (d) EXERCISING LEGAL JUDGMENT IN PREPARING LEGAL  
32 DOCUMENTS FOR ANOTHER PERSON;

33 (e) EXERCISING LEGAL JUDGMENT TO ADVISE ANOTHER PERSON  
34 ABOUT THE LEGAL EFFECT OF A PROPOSED ACTION OR DECISION;

- 1 (f) EXERCISING LEGAL JUDGMENT TO ADVISE ANOTHER PERSON  
2 ABOUT LEGAL REMEDIES OR POSSIBLE COURSES OF LEGAL ACTION  
3 AVAILABLE TO THAT PERSON;
- 4 (g) EXERCISING LEGAL JUDGMENT TO SELECT A LEGAL DOCUMENT  
5 FOR ANOTHER PERSON OR TO PREPARE A LEGAL DOCUMENT FOR ANOTHER  
6 PERSON OTHER THAN SOLELY AS A TYPIST OR SCRIVENER;
- 7 (h) EXERCISING LEGAL JUDGMENT TO REPRESENT OR ADVOCATE  
8 FOR ANOTHER PERSON IN A NEGOTIATION, SETTLEMENT, CONFERENCE,  
9 MEDIATION, OR ALTERNATIVE DISPUTE RESOLUTION PROCEEDING; AND
- 10 (i) SOLICITING FEES FOR SERVICES INVOLVING THE EXERCISE OF  
11 LEGAL JUDGMENT."

12 Page 7, lines 21 and 22, strike "AND IS NOT AN LLP." and substitute "OR  
13 IS NOT AUTHORIZED TO PRACTICE LAW BY THE COLORADO SUPREME  
14 COURT."

15 Page 7, after line 22 insert:

- 16 "(10) (a) "NONPROFIT ORGANIZATION" MEANS A CHARITABLE  
17 ORGANIZATION, AS DEFINED IN SECTION 39-26-102 (2.5).
- 18 (b) A NONPROFIT ORGANIZATION IS NOT AN ALTERNATIVE  
19 BUSINESS STRUCTURE AND DOES NOT ECONOMICALLY PARTICIPATE IN THE  
20 PROVISION OF LEGAL SERVICES SOLELY BY VIRTUE OF THE NONPROFIT  
21 ORGANIZATION'S RELATIONSHIP WITH A LAWYER OR LAW FIRM, INCLUDING  
22 WHERE THE LAWYER OR LAW FIRM EARNS LEGAL FEES."

23 Renumber succeeding subsection accordingly.

24 Page 9, after line 3 insert:

- 25 "(3) NOTHING IN THIS SECTION:
- 26 (a) PREVENTS A CLIENT FROM DIRECTING THE CLIENT'S LAWYER;
- 27 (b) PROHIBITS AN ARRANGEMENT IN WHICH ALL OF THE  
28 FOLLOWING ARE SATISFIED:
- 29 (I) THE CONTRACT FOR THE ARRANGEMENT PROVIDES FOR A  
30 SPECIFIC, PREDETERMINED DOLLAR AMOUNT FOR CLEARLY DEFINED LEGAL  
31 SERVICES;
- 32 (II) A PAYMENT IS NOT MADE, DIRECTLY OR INDIRECTLY, FOR THE  
33 REFERRAL OF LEGAL SERVICES OR THE PURCHASE OF A LEAD FOR A  
34 POTENTIAL CLIENT OR CASE;
- 35 (III) THE FEE UNDER THE ARRANGEMENT IS NOT CONTINGENT  
36 UPON, TIED TO, OR OTHERWISE DEPENDENT ON THE OUTCOME OF ANY  
37 MATTER OR THE AMOUNT RECOVERED AND IS NOT ADJUSTED, REFUNDED,

1 CREDITED, OR OTHERWISE MODIFIED BASED ON THE OUTCOME OR  
2 RECOVERY;

3 (IV) THE PRIMARY PURPOSE OF THE ARRANGEMENT IS NOT THE  
4 PURSUIT OR RECOVERY OF MONETARY DAMAGES ON BEHALF OF A CLIENT;  
5 AND

6 (V) THE FEE UNDER THE ARRANGEMENT IS SOLELY FOR IDENTIFIED  
7 SERVICES AND IS NOT PART OF, CONDITIONED UPON, OR COMBINED WITH  
8 ANY OTHER ARRANGEMENT THAT PROVIDES FOR COMPENSATION BASED ON  
9 REFERRALS, CASE OUTCOMES, OR THE CLIENT'S RECOVERY; OR

10 (c) LIMITS OR REDUCES THE RIGHT OF A CLIENT OR EMPLOYER OF  
11 A LAWYER TO SEEK AND COLLECT OR SETTLE A PAYMENT ON ACCOUNT OF  
12 A STATUTORY OR CONTRACTUAL ENTITLEMENT TO ATTORNEY FEE  
13 REIMBURSEMENT."

14 Page 11, line 16, strike "**sunset review** -".

15 Page 11, line 22, strike "EMPLOYMENT." and substitute "EMPLOYMENT;

16 (c) NONRECOURSE FUNDING PROVIDED TO A LAWYER OR LAW FIRM  
17 WITH RESPECT TO SPECIFIC, IDENTIFIED LEGAL REPRESENTATIONS, IN  
18 WHICH:

19 (I) THE FUNDING IS PROVIDED SOLELY FOR THE FEES OR EXPENSES  
20 OF SPECIFIC, IDENTIFIED LEGAL REPRESENTATIONS THAT HAVE  
21 COMMENCED OR FOR WHICH THE LAWYER OR LAW FIRM HAS BEEN  
22 RETAINED AND NOT FOR THE SOLICITATION OR ACQUISITION OF FUTURE  
23 CLIENTS OR MATTERS;

24 (II) THE RETURN OF THE PERSON PROVIDING THE FUNDING IS  
25 LIMITED TO A MULTIPLE OF THE FUNDED AMOUNT OR A RATE OF INTEREST  
26 ON THE FUNDED AMOUNT AND DOES NOT CONSTITUTE A SHARE OF LEGAL  
27 FEES, LAW FIRM REVENUE, AND LAW FIRM PROFITS; AND

28 (III) THE PERSON PROVIDING THE FUNDING HAS NO RIGHT TO  
29 PARTICIPATE IN OR RECEIVE ANY PORTION OF LEGAL FEES, LAW FIRM  
30 REVENUE, OR LAW FIRM PROFITS EXCEPT FROM THE PROCEEDS OF THE  
31 SPECIFIC, IDENTIFIED LEGAL REPRESENTATIONS; OR

32 (d) THE PROVISION OF LEGAL SERVICES PROVIDED SOLELY IN  
33 CONNECTION WITH ADMINISTRATIVE MATTERS ARISING UNDER FEDERAL  
34 LAW OR BEFORE A FEDERAL AGENCY.

35 (2) NOTHING IN THIS PART 4 LIMITS THE COLORADO SUPREME  
36 COURT'S RULE-MAKING, DECISIONAL, OR ENFORCEMENT AUTHORITY AS TO  
37 THE PRACTICE OF LAW IN COLORADO, INCLUDING AS TO THE  
38 UNAUTHORIZED PRACTICE OF LAW AND PROFESSIONAL INDEPENDENCE OF  
39 LAWYERS AND LLPS.

40 (3) THIS PART 4 IS REPEALED, EFFECTIVE SEPTEMBER 1, 2030."

1 Page 11, strike lines 23 through 25.

2 Page 11, after line 25 insert:

3           "(3) (a) NOTHING IN THIS PART 4 PROHIBITS A LAWYER OR LAW  
4 FIRM THAT PROVIDES LEGAL SERVICES TO A NONPROFIT ORGANIZATION OR  
5 INDIVIDUALS WHO RECEIVE BENEFITS FROM THE NONPROFIT  
6 ORGANIZATION FROM REMITTING TO A NONPROFIT ORGANIZATION THAT  
7 PROVIDES OR SUPPORTS LEGAL SERVICES OR ACCESS-TO-JUSTICE SERVICES  
8 ANY FEES OR REVENUES EARNED FROM ITS REPRESENTATION.

9           (b) A NONPROFIT ORGANIZATION THAT PROVIDES OR SUPPORTS  
10 LEGAL SERVICES OR ACCESS-TO-JUSTICE SERVICES IS NOT SUBJECT TO THIS  
11 PART 4."

12 Page 12, strike lines 17 through 25.

13 Renumber succeeding sections accordingly.

\*\* \*\*\* \*\* \*\*\* \*\*