



Legislative Council Staff *Nonpartisan Services for Colorado's Legislature*

Fiscal Note

Drafting Number:	LLS 24-0912	Date:	March 4, 2024
Prime Sponsors:	Rep. Bottoms	Bill Status:	House State Affairs
		Fiscal Analyst:	Aaron Carpenter 303-866-4918 aaron.carpenter@coleg.gov

Bill Topic: **CIVIL REMEDIES TO PREVENT HUMAN TRAFFICKING**

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill allows nonprofits to sue alleged human traffickers. Starting in FY 2024-25, the bill may increase state revenue and will increase state expenditures.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$437,398 to multiple state agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under HB 24-1261**

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-
Expenditures	General Fund	\$437,398	\$1,842,962
	Centrally Appropriated	\$74,136	\$89,552
	Total Expenditures	\$511,534	\$1,932,514
	Total FTE	3.3 FTE	4.0 FTE
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$65,610	\$276,444

Summary of Legislation

The bill allows nonprofit organizations that have direct involvement in investigating the actions of a human trafficker or providing services to a survivor to sue an alleged human trafficker. The bill outlines the statute of limitations to bring a suit, the requirements to bring a suit, and duties of various state departments, as described below.

Bringing a suit. Before initiating a civil suit, the bill requires a nonprofit organization to submit its case to the Office of the Attorney General for review to ensure procedural and policy compliance and to take a training provided by the Human Trafficking Council within the Colorado Department of Public Safety (CDPS). The bill also requires nonprofit organizations to maintain transparency in the allocation of any awarded damages, to maintain documentation of required information, and to demonstrate strict ethical standards.

Statute of limitations. The bill establishes a statute of limitation on when a nonprofit can bring a suit. In general, a nonprofit must bring a suit within six years from the date of the alleged violation. The bill gives extensions if the violation was not immediately apparent, when the trafficker actively concealed their actions, or if the case involves different jurisdictions with longer statutes of limitation.

Attorney general. The bill requires the Office of the Attorney General to review suits for nonprofits to ensure procedural and policy compliance, to conduct annual assessments of nonprofits who file a suit to ensure they met training requirements, to develop and provide procedural guidelines, to provide legal training and ongoing support, and to create a comprehensive monitoring system to assess implementation and impact of the bill. The bill also gives the Attorney General the authority to file the civil suit on behalf of the nonprofit organization. Any damages awarded to the state must be transferred to the Human Trafficking Prevention and Aftercare Services Fund.

Human Trafficking Council. The bill requires the Human Trafficking Council to conduct victim-centered trauma-informed training for nonprofits to ensure they have knowledge and skills regarding civil legal procedures, ethical consideration in human trafficking cases, and survivor aftercare. The bill outlines how often training sessions need to be held and updated. The bill also requires the council to conduct a comprehensive public information campaign to inform the public and nonprofit organizations about the bill. Finally, the council must administer the newly created Human Trafficking Prevention and Aftercare Services Fund by funding initiatives and programs that provide after care services, rehabilitation, and legal support to survivors.

State Auditor. Finally, the bill requires the Office of the State Auditor to perform periodic audits of nonprofits to ensure adherence to the guideline and utilization of awarded funds.

State Revenue

Starting in FY 2024-25, the bill may increase state revenue to the newly created Human Trafficking Prevention and Aftercare Services Cash Fund from damages awarded to the state. It is unknown how many cases the Attorney General will bring, if accused human traffickers will be found liable, and what the amount of damages will be. Revenue from damages is not subject to the state's TABOR limit.

State Expenditures

The bill increases state expenditures in the Department of Law, the CDPS, and the Office of the State Auditor by about \$512,000 in FY 2024-25 and \$1.9 million in FY 2025-26, paid from the General Fund. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 24-1261

	FY 2024-25	FY 2025-26
Department of Public Safety		
Personal Services	\$112,271	\$140,339
Operating Expenses	\$2,048	\$2,560
Capital Outlay Costs	\$13,340	-
Public Awareness Campaign	\$70,000	\$1,010,000
Grant Program Spending	-	<i>Unknown</i>
Centrally Appropriated Costs ¹	\$31,734	\$39,668
FTE – Personal Services	1.6 FTE	2.0 FTE
CDPS Subtotal	\$229,393	\$1,192,567
Department of Law		
Personal Services	\$216,919	\$255,199
Operating Expenses	\$2,176	\$2,560
Capital Outlay Costs	\$13,340	-
Other Expenses – Travel and Continuing Education	\$7,304	\$7,304
Centrally Appropriated Costs ¹	\$42,402	\$49,884
FTE – Personal Services	1.7 FTE	2.0 FTE
DOL Subtotal	\$282,141	\$314,947
State Auditor		
Nonprofit Audit	-	at least \$425,000
OSA Subtotal	-	at least \$425,000
Total	\$511,534	at least \$1,932,514
Total FTE	3.3 FTE	4.0 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Public Safety. Starting in FY 2024-25, the bill increases expenditures in the CDPS to hire additional staff and to conduct a public awareness campaign, as described below.

- **Staffing.** The CDPS require 2.0 FTE to develop and conduct the required training, to help create and administer the public awareness campaign, and to administer the Human Trafficking Prevention an Aftercare Services Cash Fund. Staffing cost include personal services, operating expenses, and capital outlay identified in Table 2. Costs in FY 2024-25 are prorated for a September 1, 2024, start date.
- **Public Awareness Campaign.** The bill increases expenditures in the CDPS to conduct a public awareness campaign. Based on a similar public awareness campaign conducted by the Division of Criminal Justice, it is estimated that \$70,000 is required to contract with a vendor to create a campaign concept and the materials. Then, starting in FY 2025-26, \$1 million is required to purchase advertisement time on digital media, posters, billboards, and commercials.
- **Grant program spending.** Starting in FY 2025-26, expenditures will increase to award grants from damages the state receives. Because it is unknown how much the state will receive in damages, it is unknown how much the state will spend in grants.

Department of Law. The bill increases expenditures in the Department of Law to hire additional staff, as described below.

- **Staffing.** The Department of Law requires 2.0 FTE to review cases brought by nonprofits, conduct annual assessments, develop procedural guidelines, provide legal training and ongoing support, create a comprehensive monitoring system, and bring civil suits. Staffing cost include personal services, operating expenses, and capital outlay identified in Table 2. Costs in FY 2024-25, are prorated for a September 1, 2024, start date.
- **Other expenses.** It is assumed that travel will be required for the FTE to provide trainings and other assistance. The fiscal note assumes there will be 4 trips annually, averaging 250 miles, with 2 overnight stays at a hotel. Additionally, the Department of Law does not have civil case expertise in human trafficking; therefore, it is assumed that the new FTE will also require annual continuing education credits on human trafficking. Costs include travel expenses to various trainings and conferences.

State Auditor. Starting in FY 2025-26, expenditures in the Office of the State Auditor will increase by at least \$425,000 to audit nonprofits to ensure proper distribution of awarded damages. The fiscal note assumes that one nonprofit will be audited, and that the audit would require an average audit team of 1 manager, 1 supervisor, and 2 audit staff. If more nonprofits are required to be audited, costs will increase by \$425,000 per audit.

Judicial Department. Starting in FY 2024-25, the bill increases workload to the trial courts to the extent there are additional cases filed under the bill. According to the Judicial Department, one district court judge can handle around 376 civil cases annually. The fiscal note assumes that the number of cases will be limited and therefore, no change in appropriation is required.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Technical Note

Under current law, the Colorado Human Trafficking Council is scheduled to repeal on September 1, 2024. The General Assembly is currently considering [House Bill 24-1345](#), which would continue the council indefinitely. If the General Assembly does not pass HB 24-1345, the council would not be able to implement the requirements of the bill.

In addition, the Office of the State Auditor does not have the authority to audit nonprofits. Article V, Section 49 of the Colorado Constitution, which provides the State Auditor their authority, does not include nonprofits.

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 2024-25, the bill requires a total General Fund appropriation of \$437,398 including:

- \$197,659 to the Department of Public Safety, and 1.6 FTE; and
- \$239,739 to the Department of Law, and 1.7 FTE.

State and Local Government Contacts

Judicial

Law

Public Safety

State Auditor

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](#).