

**First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO**

INTRODUCED

LLS NO. 25-0092.03 Pierce Lively x2059

HOUSE BILL 25-1101

HOUSE SPONSORSHIP

Garcia and Bacon,

SENATE SPONSORSHIP

Weissman,

House Committees
Finance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING DISBURSEMENTS MADE TO NONGOVERNMENTAL ENTITIES**
102 **ON BEHALF OF STATE AGENCIES.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Currently, the controller is required to adopt fiscal rules requiring the state to make disbursements in the payment of any liability incurred on behalf of the executive branch of the state within 45 days of receiving a correct notice that this liability was incurred. The bill modifies this requirement so that either a correct notice of the state's liability or a demonstration of a good faith effort to provide a correct notice of the

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.*

state's liability initiates the 45-day period.

A state agency that awards a grant generally requires the grant recipient to access the grant amount awarded by applying for the reimbursement of costs incurred in completing the activity for which the state agency awarded the grant. The bill directs the controller to adopt fiscal rules requiring a state agency to award a nonprofit organization a retainer when entering into a contract with or awarding a grant to a nonprofit organization. The retainer amount must equal at least 35% of the grant amount or 35% of the amount to be disbursed by the state to the nonprofit organization in the first year of a contract between the state and the nonprofit organization. A nonprofit organization is required to spend the retainer amount within a year of the state awarding the grant to or entering into the contract with the nonprofit organization. A nonprofit organization may only expend a retainer on expenses the nonprofit organization incurs in connection with the relevant grant or contract.

The bill also requires a nonprofit organization that receives disbursements from the state to provide the following information to the controller and requires the controller to make that information available upon request:

- The ethnicity of the nonprofit organization's leadership;
- The business structure of the nonprofit organization; and
- Whether the nonprofit organization has previously received a disbursement from the state.

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

2 **SECTION 1.** In Colorado Revised Statutes, 24-30-202, **amend**
3 (24)(b); and **add** (24)(c), (29), and (30) as follows:

4 **24-30-202. Procedures - vouchers, warrants, and checks -**
5 **rules - penalties - definitions - repeal.** (24) (b) BEFORE JULY 1, 2025,
6 as used in subsection (24)(a) of this section, "liability incurred on behalf
7 of the state" means the receipt of supplies, as defined in section
8 24-101-301 (47), or services, as defined in section 24-101-301 (42), and
9 receipt of a correct notice of the amount due, by the state agency
10 procuring such supplies or services from a nongovernmental entity. No
11 liability is incurred on behalf of the state if a good faith dispute exists as
12 to the state's obligation to pay all or a portion of the account. Nothing in

1 this subsection (24) shall be construed to affect any provision for the time
2 of payment in a written contract between a state agency procuring
3 services or supplies and a nongovernmental entity.

4 (c) BEGINNING JULY 1, 2025, AS USED IN SUBSECTION (24)(a) OF
5 THIS SECTION, "LIABILITY INCURRED ON BEHALF OF THE STATE" MEANS
6 THE RECEIPT OF SUPPLIES, AS DEFINED IN SECTION 24-101-301 (47), OR
7 SERVICES, AS DEFINED IN SECTION 24-101-301 (42), AND RECEIPT OF
8 EITHER A CORRECT NOTICE OF THE AMOUNT DUE BY THE STATE AGENCY
9 PROCURING SUCH SUPPLIES OR SERVICES FROM A NONPROFIT
10 ORGANIZATION OR A DEMONSTRATION OF A GOOD FAITH EFFORT TO
11 PROVIDE A CORRECT NOTICE OF THE AMOUNT DUE BY THE STATE AGENCY
12 PROCURING SUCH SUPPLIES OR SERVICES FROM A NONPROFIT
13 ORGANIZATION. IF A GOOD FAITH DISPUTE EXISTS AS TO THE STATE'S
14 OBLIGATION TO PAY ALL OR A PORTION OF THE ACCOUNT, THE STATE DOES
15 NOT INCUR LIABILITY IN CONNECTION WITH THE PORTION OF THE ACCOUNT
16 FOR WHICH THERE IS A GOOD FAITH DISPUTE. NOTHING IN THIS
17 SUBSECTION (24) SHALL BE CONSTRUED TO AFFECT ANY PROVISION FOR
18 THE TIME OF PAYMENT IN A WRITTEN CONTRACT BETWEEN A STATE
19 AGENCY PROCURING SERVICES OR SUPPLIES AND A NONPROFIT
20 ORGANIZATION.

21 (29) (a) ON OR AFTER DECEMBER 31, 2025, THE CONTROLLER
22 SHALL ADOPT FISCAL RULES REQUIRING A STATE AGENCY TO AWARD A
23 NONPROFIT ORGANIZATION A RETAINER WHEN ENTERING INTO A
24 CONTRACT WITH OR AWARDED A GRANT TO A NONPROFIT ORGANIZATION.
25 A NONPROFIT ORGANIZATION IS NOT REQUIRED TO COMPLETE ANY
26 PORTION OF THE ACTIVITY FOR WHICH A STATE AGENCY ENTERED INTO A
27 CONTRACT WITH THE NONPROFIT ORGANIZATION OR AWARDED A GRANT

1 TO THE NONPROFIT ORGANIZATION, PRIOR TO RECEIVING THE RETAINER. A
2 NONPROFIT ORGANIZATION SHALL SPEND A RETAINER WITHIN ONE YEAR OF
3 RECEIVING THE RETAINER FROM A STATE AGENCY. A NONPROFIT
4 ORGANIZATION MAY SUBMIT A NOTICE OF AN AMOUNT DUE TO THE STATE
5 AFTER THE GRANT OR CONTRACT HAS BEEN IN PLACE FOR A MONTH AND
6 BEFORE EXPENDING ANY AMOUNT OF THE RETAINER, BUT A NONPROFIT
7 ORGANIZATION SHALL NOT SUBMIT A NOTICE OF AMOUNT DUE TO THE
8 STATE FOR EXPENSES COVERED BY THE RETAINER.

9 (b) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
10 REQUIRES:

11 (I) "NONPROFIT ORGANIZATION" MEANS AN ORGANIZATION THAT
12 IS EXEMPT FROM FEDERAL TAXATION UNDER SECTION 501 (c)(3) OF THE
13 FEDERAL "INTERNAL REVENUE CODE OF 1986".

14 (II) "RETAINER" MEANS AN AMOUNT EQUAL TO EITHER AT LEAST
15 THIRTY-FIVE PERCENT OF THE VALUE OF A GRANT AWARDED BY A STATE
16 AGENCY TO THE NONPROFIT ORGANIZATION OR AT LEAST THIRTY-FIVE
17 PERCENT OF THE AMOUNT TO BE DISBURSED BY THE STATE TO THE
18 NONPROFIT ORGANIZATION IN THE FIRST YEAR OF A CONTRACT BETWEEN
19 A STATE AGENCY AND A NONPROFIT ORGANIZATION. A NONPROFIT
20 ORGANIZATION MAY ONLY EXPEND A RETAINER ON EXPENSES THAT THE
21 NONPROFIT ORGANIZATION INCURS IN CONNECTION WITH THE RELEVANT
22 GRANT OR CONTRACT.

23 (III) "STATE AGENCY" MEANS ANY DEPARTMENT, COMMISSION,
24 COUNCIL, BOARD, BUREAU, COMMITTEE, INSTITUTION OF HIGHER
25 EDUCATION, AGENCY, OR OTHER GOVERNMENTAL UNIT OF THE EXECUTIVE,
26 LEGISLATIVE, OR JUDICIAL BRANCH OF STATE GOVERNMENT, INCLUDING
27 THE OFFICE OF THE GOVERNOR.

1 (30) (a) BEGINNING JANUARY 1, 2026, THE CONTROLLER SHALL
2 REQUIRE THAT EACH NONPROFIT ORGANIZATION THAT RECEIVES
3 DISBURSEMENTS FROM THE STATE PROVIDE THE FOLLOWING
4 INFORMATION:

5 (I) THE ETHNICITY OF THE NONPROFIT ORGANIZATION'S
6 LEADERSHIP, INCLUDING THE NONPROFIT ORGANIZATION'S DIRECTOR OR
7 DIRECTOR EQUIVALENT, GOVERNING BODY, AND ANY OTHER LEADERSHIP
8 IDENTIFIED BY THE NONPROFIT ORGANIZATION;

9 (II) THE BUSINESS STRUCTURE OF THE NONPROFIT ORGANIZATION
10 AS THAT BUSINESS STRUCTURE IS IDENTIFIED BY THE NONPROFIT
11 ORGANIZATION; AND

12 (III) WHETHER THE NONPROFIT ORGANIZATION HAS PREVIOUSLY
13 RECEIVED A DISBURSEMENT FROM THE STATE.

14 (b) BEGINNING JUNE 1, 2026, THE CONTROLLER SHALL MAKE THE
15 INFORMATION THAT IT COLLECTS PURSUANT TO THIS SUBSECTION (30)
16 AVAILABLE UPON REQUEST.

17 **SECTION 2. Act subject to petition - effective date.** This act
18 takes effect at 12:01 a.m. on the day following the expiration of the
19 ninety-day period after final adjournment of the general assembly; except
20 that, if a referendum petition is filed pursuant to section 1 (3) of article V
21 of the state constitution against this act or an item, section, or part of this
22 act within such period, then the act, item, section, or part will not take
23 effect unless approved by the people at the general election to be held in
24 November 2026 and, in such case, will take effect on the date of the
25 official declaration of the vote thereon by the governor.