



Legislative Council Staff
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**Fiscal Note
Memorandum**

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April 10, 2023

TO: Members of the House Finance Committee

FROM: John Armstrong, Fiscal Analyst
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SUBJECT: Fiscal Assessment of Proposed Amendment HB1162_L.005

This memorandum is an assessment of the fiscal impact of the attached proposed amendment L.005 to HB23-1162. This fiscal assessment is for the impact of the bill with inclusion of this amendment only. Any other added amendment could influence the fiscal impact.

Summary of Proposed Amendment

Amendment L.005 strikes the House Business Affairs and Labor Committee report and strikes everything below the enacting clause in the introduced bill, which removes the requirements that companies offering consumer legal funding agreements register with the Department of Law and that the department regulate these agreements. Instead, Amendment L.005 allows the Department of Law to adopt rules concerning deferral charges that result from a creditor having a future interest in a settlement or judgment from a consumer's legal claim.

Fiscal Impact of Amendment

Amendment L.005 removes the revenue and expenditure impacts shown in the most recent fiscal note, dated February 23, 2023. Specifically, the revenue from fees of \$192,200 in FY 2023-24 and the increase in cash fund expenditures of \$120,716 and 0.9 FTE in FY 2023-24 and \$50,147 and 0.4 FTE in FY 2024-25 are eliminated by removing the requirements that companies register with the Department of Law and that the Department of Law enforce requirements governing such agreements.

Bill's Revised Fiscal Impact with Amendment

In FY 2023-24 only, the bill with Amendment L.005 will result in a minimal increase in workload to the Department of Law to make rules for any deferral charges for consumer legal claims. No change in appropriations is required.

HB1162_L.005

HOUSE COMMITTEE OF REFERENCE AMENDMENT

Committee on Finance.

HB23-1162 be amended as follows:

1 Strike the Business Affairs and Labor Report, dated February 16, 2023,
2 and substitute:

3 "Amend printed bill, strike everything below the enacting clause and
4 substitute:

5 "SECTION 1. In Colorado Revised Statutes, 5-2-204, **add** (6) as
6 follows:

7 **5-2-204. Deferral charges - rules.** (6) THE ADMINISTRATOR MAY
8 ADOPT RULES REGARDING DEFERRAL CHARGES FOR NONRECOURSE
9 SUPERVISED LOANS THAT HAVE NO PERIODIC PAYMENTS AND ARE SECURED
10 BY AN UNVESTED, CONTINGENT FUTURE INTEREST IN THE POTENTIAL NET
11 PROCEEDS OF A SETTLEMENT OR JUDGMENT OBTAINED FROM THE
12 CONSUMER'S ASSOCIATED LEGAL CLAIM.

13 **SECTION 2. Act subject to petition - effective date.** This act
14 takes effect at 12:01 a.m. on the day following the expiration of the
15 ninety-day period after final adjournment of the general assembly; except
16 that, if a referendum petition is filed pursuant to section 1 (3) of article V
17 of the state constitution against this act or an item, section, or part of this
18 act within such period, then the act, item, section, or part will not take
19 effect unless approved by the people at the general election to be held in
20 November 2024 and, in such case, will take effect on the date of the
21 official declaration of the vote thereon by the governor."

22 Page 1, strike line 102 and substitute "TRANSACTIONS, AND, IN
23 CONNECTION THEREWITH, AUTHORIZING THE ADMINISTRATOR OF THE
24 "UNIFORM CONSUMER CREDIT CODE" TO ADOPT RULES REGULATING
25 CREDITOR-IMPOSED CHARGES FOR CERTAIN SUPERVISED LOANS THAT
26 ARE SECURED BY A CONSUMER'S POTENTIAL PROCEEDS FROM A
27 SETTLEMENT OR JUDGEMENT OBTAINED IN AN ASSOCIATED LEGAL
28 CLAIM."."

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