



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 26-174: PROHIBIT LEAD GENERATION LEGAL MARKETING

Prime Sponsors:

Sen. Roberts
Rep. Carter; Soper

Fiscal Analyst:

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Fiscal note status: The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill defines lead generation legal marketing, makes it a deceptive trade practice, and allows civil and criminal actions to be brought against individuals who engage in the practice.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- Minimal State Expenditures
- Minimal State Revenue
- Local Government

Appropriations. No appropriation is required.

**Table 1
State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

The bill defines “lead generation legal marketing” as a form of marketing in which a lawyer, law firm, or legal paraprofessional pays money or other compensation to a third party to receive information about a potential client or case, including the client's contact information or information about the potential client's legal issue or case. The bill prohibits a person from engaging in lead generation legal marketing or selling leads to a law firm, lawyer, or legal paraprofessional. The bill also specifies legal professionals and entities that may solicit a client or market for legal services.

A violation is considered a deceptive trade practice. The bill allows civil and criminal actions to be brought against individuals who engage in the practice.

Assumptions

The fiscal note assumes actions related to lead generation legal marketing that fall under existing criminal offenses such as criminal impersonation, fraud, racketeering, or any other crime, are already prosecuted under current law. Therefore, the fiscal note assumes the bill is not creating a specific new crime or changing the elements of any existing crime, and that there will be minimal or no additional case filings or convictions under the bill.

State Revenue

Civil Penalties

Under the Colorado Consumer Protection Act, a person committing a deceptive trade practice may be subject to a civil penalty of up to \$20,000 for each violation. Additional penalties may be imposed for subsequent violations of a court order or injunction. This revenue is classified as a damage award and not subject to TABOR. Given the uncertainty about the number of cases that may be pursued by the Attorney General and district attorneys, as well as the wide range in potential penalty amounts, the fiscal note cannot estimate the potential impact of these civil penalties.

Judicial Department

Under the bill, criminal fines and court fees, which are subject to TABOR, may increase by a minimal amount if there are additional criminal or civil case filings.

State Expenditures

Department of Law

Workload in the Department of Law will minimally increase to the extent that deceptive trade practice complaints are filed. The department will review complaints under the bill and prioritize investigations as necessary within the overall number of deceptive trade practice complaints and available resources. No change in appropriations is required.

Judicial Department

The trial courts in the Judicial Department may have an increase in cases filed under the Colorado Consumer Protection Act from the addition of a new deceptive trade practice. It is assumed that most individuals will abide by the law and that any violation of the legislation will result in a minimal number of new cases. The fiscal note assumes that this can be accomplished within existing resources and that no change in appropriations is required.

Local Government

Similar to the state, workload for district attorneys may increase to the extent civil or criminal actions are pursued under the bill. It is expected that any workload or cost increases for district attorneys to prosecute additional offenses, or for county jails to handle more individuals charged under the bill, will be minimal. District attorney offices and county jails are funded by counties.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed. It applies to conduct occurring on or after the bill takes effect.

State and Local Government Contacts

Corrections	Law
District Attorneys	Regulatory Agencies
Judicial - Criminal	