



## Fiscal Note

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HB 26-1250: PROCEDURES RELATED TO CIVIL ASSET FORFEITURE

**Prime Sponsors:**

Rep. DeGraaf; Bacon

**Fiscal Analyst:**

John Armstrong, 303-866-6289

john.armstrong@coleg.gov

**Published for:** House Finance

**Drafting number:** LLS 26-0305

**Version:** First Revised Note

**Date:** April 30, 2026

**Fiscal note status:** The revised fiscal note reflects the introduced bill, as amended by the House Judiciary Committee.

### Summary Information

**Overview.** The bill requires that defendants in forfeiture proceedings be appointed legal counsel upon request and creates a cash fund to pay for attorney fees. It also changes the distribution of forfeiture proceeds.

**Types of impacts.** The bill is projected to affect the following areas beginning in FY 2026-27:

- State Revenue
- State Expenditures
- TABOR Refunds
- Local Government

**Appropriations.** For FY 2026-27, the bill requires an appropriation of \$570,500 to the Judicial Department. See State Appropriations section.

**Table 1**  
**State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$570,500	\$570,500
Transferred and Diverted Funds	\$570,500	\$240,500
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Fund sources for these impacts are identified in tables below.

**Table 1A  
 State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
General Fund	\$0	\$330,000
Cash Funds	\$570,500	\$240,500
Federal Funds	\$0	\$0
Centrally Appropriated	\$0	\$0
<b>Total Expenditures</b>	<b>\$570,500</b>	<b>\$570,500</b>
<b>Total FTE</b>	<b>0.0 FTE</b>	<b>0.0 FTE</b>

**Table 1B  
 State Transfers**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
Law Enforcement Community Services Grant Fund	-\$330,000	\$0
Forfeiture Defense Counsel Fund	\$330,000	\$0
<b>Net Transfer</b>	<b>\$0</b>	<b>\$0</b>

**Table 1C  
 State Diversion**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
Law Enforcement Community Services Grant Fund	-\$240,500	-\$240,500
Forfeiture Defense Counsel Fund	\$240,500	\$240,500
<b>Net Transfer</b>	<b>\$0</b>	<b>\$0</b>

## Summary of Legislation

The bill requires that defendants in forfeiture proceedings be appointed legal counsel upon request and creates a cash fund to pay for attorney fees. It also changes the distribution of forfeiture proceeds, as outlined below.

### Changes to Forfeiture Without a Criminal Conviction

Current law allows for circumstances when a law enforcement agency may retain seized property (forfeiture) without a criminal conviction. The bill requires that a forfeiture judgment be entered only after a criminal conviction of the nonowner in the underlying criminal offense related to the property subject to the forfeiture proceeding. The bill also requires a plaintiff to prove that a deceased owner of the seized property was involved in criminal acts (not an “innocent owner”).

## **Right to Counsel in Forfeiture Cases**

The bill establishes a right for defendants to be represented by counsel during forfeiture cases. After September 1, 2026, the State Court Administrator's Office must enter into a service agreement with a private contractor to provide legal defense to indigent clients upon request. Once counsel is requested, the forfeiture proceeding must continue for at least 21 days or more unless the forfeiture defense counsel waives this requirement.

Attorney costs are paid from the newly created Forfeiture Defense Counsel Fund. Subject to annual appropriations from the General Assembly, the fund is created to make payments for forfeiture defense counsel. The fund may also receive gifts, grants, and donations.

Reimbursements for forfeiture defense counsel cannot exceed \$3,500 per proceeding, unless the court finds cause for a higher payment. If the defendant prevails in the forfeiture case, the plaintiff must reimburse costs for the defendant's attorney fees, including those from the fund. By March 1, 2027, the private contractor must report certain information to the State Court Administrator's Office regarding legal representation for forfeiture defense.

## **Law Enforcement Community Services Grant Program Funding**

Current law requires 25 percent of seized property sold at a public sale by a law enforcement agency to be distributed to the Law Enforcement Community Services Grant Program. The bill diverts this distribution to the Forfeiture Defense Counsel Fund instead.

Additionally, on July 1, 2026, the bill requires the State Treasurer to transfer the unexpended and unencumbered money from the Law Enforcement Community Services Grant Program to the fund.

## **Seizing Agencies and Distribution of Forfeiture Assets**

The bill clarifies that after July 1, 2026, the seizing law enforcement agency may only retain any proceeds from the sale of forfeited property for the costs of storing the seized property and costs to the district attorney for prosecuting in the forfeiture proceeding.

## **Background and Assumptions**

---

The Department of Local Affairs (DOLA) [reports](#) that total forfeited assets were valued at \$9.8 million in 2024. These amounts came from seized assets in 754 federal, state, local, and multijurisdictional cases. Of these, 325 cases were handled in state court rather than federal court. The fiscal note assumes half of these state cases will reimburse private attorneys and that they will be awarded the maximum allowable amount. The fiscal note also assumes that law enforcement agencies will seize a similar amount of assets in future years as the 2024 total,

resulting in \$240,500 available for the Forfeiture Defense Counsel Fund that otherwise would have been deposited in the Law Enforcement Community Services Grant Fund. This number represents a three-year average, but may vary from this amount.

## State Transfers and Diversions

---

The bill requires all unexpended and unencumbered money in the Law Enforcement Community Grant Services Program to the Forfeiture Defense Counsel Fund on July 1, 2026. At time of writing, the currently unencumbered balance of the Law Enforcement Community Services Grant Program, is approximately \$330,000.

In addition, the bill diverts approximately \$240,500 beginning in FY 2026-27 and ongoing from the Law Enforcement Community Services Grant Program to the Forfeiture Defense Counsel Fund, as outlined in the Background and Assumptions section above. Actual diverted funds will vary based on the total amount of assets seized by law enforcement agencies.

## State Expenditures

---

The bill increases state expenditures in the Judicial Department by about \$571,000 in FY 2026-27 and ongoing. These costs, paid from the Forfeiture Defense Counsel Fund in FY 2026-27, and from both the cash fund and General Fund in out years, are summarized in Table 2 and discussed below. The bill also reduces workload in the Department of Local Affairs.

**Table 2**  
**State Expenditures**  
**Judicial Department**

<b>Cost Component</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
Contract with Private Entity	\$570,500	\$570,500
<b>Total Costs</b>	<b>\$570,500</b>	<b>\$570,500</b>
General Fund	\$0	\$330,000
Forfeiture Defense Counsel Fund	\$570,500	\$240,500
<b>Total FTE</b>	<b>0.0 FTE</b>	<b>0.0 FTE</b>

## Judicial Department

### Contract with Private Entity

The Judicial Department will contract with a private entity to reimburse private forfeiture defense counsel at an amount not to exceed the rate of \$3,500 per case for an estimated 163 cases per year, as outlined in the Background and Assumptions section above, resulting in costs of up to \$570,500 annually.

## **Department of Local Affairs**

### **Law Enforcement Community Services Grant Program**

By transferring the remaining balance out of the Law Enforcement Community Services Grant Program, grant administration and accounting workload in the Division of Local Government will be reduced. For informational purposes, approximately \$400,000 in cash funds was appropriated to the grant program in the FY 2026-27 Long Bill with 1.0 FTE. This position may have workload adjusted or potentially eliminated if no funding source is identified, see State Appropriations section.

Additionally, by eliminating the primary revenue source for the grant program, grant disbursements will be eliminated in future years absent other appropriations or funding sources. Because the bill does not repeal the grant program, if the General Assembly wishes for disbursements to local law enforcement agencies to continue, additional appropriations to the program will be necessary, either through this bill, separate legislation, or the annual budget process.

### **Cash Fund Creation – Departments of Personnel and Treasury**

Workload will increase for the Departments of Personnel and Administration and Treasury to manage and perform accounting for the cash fund created in the bill. While no appropriation is required at this time, these departments may seek additional funding through the annual budget process based on the cumulative impact of all cash funds created through legislation.

## **Local Government**

---

The bill will reduce local government revenue and workload from reduced funding from the Law Enforcement Community Services Grant Program. To the extent local governments are plaintiffs in cases where the defendant prevails in a forfeiture proceeding, they will have increased costs to reimburse the Forfeiture Counsel Defense Fund.

## **Effective Date**

---

The bill takes effect July 1, 2026.

## **State Appropriations**

---

The bill requires an appropriation of \$570,500 from the Forfeiture Defense Counsel Fund to the Judicial Department.

In addition, the bill removes the primary source of funding for the Law Enforcement Community Services Grant Program. The General Assembly may consider funding the program from another source, adjusting appropriations through the budget process, or removing the 1.0 FTE supporting the grant program if no funding is available.

## State and Local Government Contacts

---

Counties

Denver County Courts

District Attorneys

Human Services

Judicial

Law

Local Affairs

Municipalities

Personnel

Public Defender

Public Safety

Sheriffs

Treasury