

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

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 26-0685.02 Nicole Myers x4326

HOUSE BILL 26-1274

HOUSE SPONSORSHIP

Lindsay and Garcia,

SENATE SPONSORSHIP

Wallace and Weissman,

House Committees

Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING AUTHORIZATION FOR A STATE AGENCY TO AWARD A**
102 **PERCENTAGE OF THE TOTAL VALUE OF A CONTRACT TO A**
103 **NONPROFIT GRANTEE OF A GRANT PROGRAM OF THE AGENCY**
104 **UPON THE EXECUTION OR RENEWAL OF THE CONTRACT.**

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, when a state agency awards a grant to a nonprofit organization (grantee), the grantee is generally required to access the grant award by applying for the reimbursement of costs incurred in

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.

completing the activity for which the state agency awarded the grant.

The bill allows a state agency, in contracting with any grantee, to dispense up to 25% of the total value of the payments under the contract to the grantee immediately upon executing or renewing the contract. A grantee may only expend money from such a payment on expenses that the grantee incurs in connection with the relevant contract.

The bill does not prevent a state agency, in contracting with a grantee, from:

- Using a waiver process available through state or federal rules to dispense a percentage of the total value of the payments under a contract to a grantee immediately upon the execution or renewal of the contact; or
- For a state agency that, as of the effective date of the bill, already dispenses a percentage of the total value of the payments under a contract to a grantee immediately upon executing or renewing the contract, continuing to dispense the payments as it did before the effective date of the bill.

A grantee that is paid a percentage of the total value of the payments under a contract with a state agency immediately upon executing or renewing the contract is required to comply with all of the reporting requirements specified in the contract.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** part 3 to article
3 17 of title 24 as follows:

4 **PART 3**

5 **PAYMENTS TO NONPROFIT GRANTEES**

6 **24-17-301. Definitions.**

7 AS USED IN THIS PART 3, UNLESS THE CONTEXT OTHERWISE
8 REQUIRES:

9 (1) "GRANTEE" MEANS A PERSON THAT:

10 (a) IS AWARDED A GRANT **THAT IS FUNDED SOLELY WITH STATE**
11 **MONEY** PURSUANT TO A GRANT PROGRAM THAT A STATE AGENCY
12 MANAGES OR OVERSEES;

13 (b) PURSUANT TO THE CONDITIONS OF THE AWARDED GRANT, IS A

1 PARTY TO A CONTRACT WITH A STATE AGENCY;

2 (c) IS A NONPROFIT ORGANIZATION AND HAS SUBMITTED WRITTEN
3 PROOF OF SUCH CLASSIFICATION TO THE APPLICABLE STATE AGENCY; AND

4 (d) SATISFIES ANY CRITERIA ESTABLISHED BY THE APPLICABLE
5 STATE AGENCY FOR THE PURPOSE OF IMPLEMENTING THIS PART 3.

6 (2) "NONPROFIT ORGANIZATION" MEANS A CHARITABLE
7 ORGANIZATION, AS DEFINED IN SECTION 39-26-102 (2.5).

8 (3) "STATE AGENCY" MEANS ANY DEPARTMENT, COMMISSION,
9 COUNCIL, BOARD, BUREAU, COMMITTEE, INSTITUTION OF HIGHER
10 EDUCATION, AGENCY, OR OTHER GOVERNMENTAL UNIT OF THE EXECUTIVE,
11 LEGISLATIVE, OR JUDICIAL BRANCH OF STATE GOVERNMENT, INCLUDING
12 THE OFFICE OF THE GOVERNOR.

13 **24-17-302. Dispensation of payments under contracts with**
14 **nonprofit grantees.**

15 (1) (a) NOTWITHSTANDING ANY PROVISION OF LAW TO THE
16 CONTRARY, A STATE AGENCY, IN CONTRACTING WITH A GRANTEE FOR THE
17 PROVISION OF ANY SERVICE FOR THE PURPOSES OF THE STATE AGENCY,
18 MAY DISPENSE UP TO TWENTY-FIVE PERCENT OF THE TOTAL VALUE OF THE
19 PAYMENTS UNDER THE CONTRACT TO THE GRANTEE IMMEDIATELY UPON
20 EXECUTING OR RENEWING THE CONTRACT. A STATE AGENCY MAY USE
21 EXISTING INFRASTRUCTURE OR DEVELOP NEW INFRASTRUCTURE TO
22 DISPENSE A PAYMENT PURSUANT TO THIS SUBSECTION (1).

23 (b) A GRANTEE MAY EXPEND MONEY FROM A PAYMENT PURSUANT
24 TO THIS SUBSECTION (1) ONLY ON EXPENSES THAT THE GRANTEE INCURS
25 IN CONNECTION WITH THE CONTRACT FOR WHICH THE PAYMENT IS MADE.

26 (2) (a) NOTHING IN THIS SECTION PREVENTS A STATE AGENCY, IN
27 CONTRACTING WITH A GRANTEE AS DESCRIBED IN SUBSECTION (1) OF THIS

1 SECTION, FROM USING A WAIVER PROCESS AVAILABLE THROUGH FISCAL
2 RULES ADOPTED BY THE STATE CONTROLLER OR RULES ADOPTED BY A
3 FEDERAL GOVERNMENTAL ENTITY TO DISPENSE A PERCENTAGE OF THE
4 TOTAL VALUE OF THE PAYMENTS UNDER THE CONTRACT TO THE GRANTEE
5 IMMEDIATELY UPON EXECUTING OR RENEWING THE CONTRACT.

6 (b) IF THE STATE CONTROLLER DENIES A STATE AGENCY'S REQUEST
7 TO USE A WAIVER FOR THE PURPOSES SPECIFIED IN SUBSECTION (2)(a) OF
8 THIS SECTION, THE STATE CONTROLLER SHALL PROVIDE THE STATE
9 AGENCY WITH A WRITTEN EXPLANATION REGARDING WHY THE STATE
10 CONTROLLER DENIED THE WAIVER. THE STATE AGENCY SHALL SHARE THE
11 WRITTEN EXPLANATION OF THE DENIAL OF THE WAIVER WITH THE
12 GRANTEE.

13 (3) NOTHING IN THIS SECTION PREVENTS A STATE AGENCY THAT,
14 AS OF THE EFFECTIVE DATE OF THIS SECTION, ALREADY DISPENSES A
15 PERCENTAGE OF THE TOTAL VALUE OF THE PAYMENTS UNDER A CONTRACT
16 TO A GRANTEE IMMEDIATELY UPON THE EXECUTION OR RENEWAL OF THE
17 CONTRACT, FROM CONTINUING TO DISPENSE THE PAYMENTS IN THE SAME
18 MANNER THAT THE AGENCY DISPENSED THE PAYMENTS BEFORE THE
19 EFFECTIVE DATE OF THIS SECTION.

20 (4) A GRANTEE THAT IS PAID A PERCENTAGE OF THE TOTAL VALUE
21 OF THE PAYMENTS UNDER A CONTRACT WITH A STATE AGENCY
22 IMMEDIATELY UPON EXECUTING OR RENEWING THE CONTRACT IS
23 REQUIRED TO COMPLY WITH ALL OF THE REPORTING REQUIREMENTS
24 SPECIFIED IN THE CONTRACT.

25 **SECTION 2. Act subject to petition - effective date.** This act
26 takes effect at 12:01 a.m. on the day following the expiration of the
27 ninety-day period after final adjournment of the general assembly (August

1 12, 2026, if adjournment sine die is on May 13, 2026); except that, if a
2 referendum petition is filed pursuant to section 1 (3) of article V of the
3 state constitution against this act or an item, section, or part of this act
4 within such period, then the act, item, section, or part will not take effect
5 unless approved by the people at the general election to be held in
6 November 2026 and, in such case, will take effect on the date of the
7 official declaration of the vote thereon by the governor.