

Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 26-0685.02 Nicole Myers x4326

HOUSE BILL 26-1274

HOUSE SPONSORSHIP

Lindsay and Garcia, Bacon, Boesenecker, Clifford, Espenoza, McCluskie, Nguyen, Rutinel, Sirota, Story, Zokaie

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 GRANT AGREEMENT TO
103 A NONPROFIT GRANTEE OF A GRANT PROGRAM OF THE AGENCY
104 UPON THE EXECUTION OR RENEWAL OF THE GRANT AGREEMENT,
105 AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

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

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.

HOUSE
3rd Reading Unamended
May 9, 2026

HOUSE
Amended 2nd Reading
May 8, 2026

grant award by applying for the reimbursement of costs incurred in 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 contract; 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) "ADMINISTERING STATE AGENCY" MEANS ANY DEPARTMENT,**
10 **COMMISSION, COUNCIL, BOARD, BUREAU, COMMITTEE, INSTITUTION OF**
11 **HIGHER EDUCATION, AGENCY, OR OTHER GOVERNMENTAL UNIT OF THE**
12 **EXECUTIVE, LEGISLATIVE, OR JUDICIAL BRANCH OF STATE GOVERNMENT,**
13 **INCLUDING THE OFFICE OF THE GOVERNOR, THAT ADMINISTERS A GRANT.**

1 (2) "GRANT" MEANS AN AGREEMENT IN WHICH AN ADMINISTERING
2 STATE AGENCY AS GRANTOR TRANSFERS ANYTHING OF VALUE TO A
3 GRANTEE TO CARRY OUT A PUBLIC PURPOSE OF SUPPORT OR STIMULATION
4 AUTHORIZED BY LAW INSTEAD OF ACQUIRING PROPERTY OR SERVICES FOR
5 THE DIRECT BENEFIT OR USE OF THE ADMINISTERING STATE AGENCY. A
6 GRANT MAY INCLUDE A DISTRIBUTION OF MONEY. A GRANT DOES NOT
7 INCLUDE DONATIONS.

8 (3) "GRANTEE" MEANS A RECIPIENT OF A GRANT THAT IS A
9 NONPROFIT ORGANIZATION AND THAT HAS SUBMITTED WRITTEN PROOF OF
10 SUCH CLASSIFICATION TO THE ADMINISTERING STATE AGENCY THAT
11 AWARDED THE GRANT.

12 (4) "NONPROFIT ORGANIZATION" MEANS A CHARITABLE
13 ORGANIZATION, AS DEFINED IN SECTION 39-26-102 (2.5).

14 **24-17-302. Dispensation of payments under grant agreements**
15 **with nonprofit grantees.**

16 (1) NOTWITHSTANDING ANY PROVISION OF LAW TO THE
17 CONTRARY, AN ADMINISTERING STATE AGENCY MAY ADVANCE A PAYMENT
18 TO A GRANTEE ONLY FOR A STATE-FUNDED GRANT SUBJECT TO THE
19 FOLLOWING REQUIREMENTS:

20 (a) THE ADMINISTERING STATE AGENCY SHALL:

21 (I) HAVE AN EXISTING PROCESS OR DEVELOP A NEW PROCESS THAT
22 IS APPROVED BY THE STATE CONTROLLER TO DISPENSE AN ADVANCE
23 PAYMENT PURSUANT TO THIS SECTION;

24 (II) DISCLOSE THE AVAILABILITY OF ADVANCE PAYMENT IN ANY
25 NOTICE OF A GRANT FUNDING OPPORTUNITY, GRANT SOLICITATION,
26 REQUEST FOR APPLICATIONS, OR OTHER ANNOUNCEMENT ISSUED TO
27 PROSPECTIVE GRANTEES. THE DISCLOSURE MUST INCLUDE:

1 (A) THE ELIGIBILITY CRITERIA AND DOCUMENTATION REQUIRED TO
2 REQUEST AN ADVANCE PAYMENT PURSUANT TO THIS SECTION;

3 (B) THE PROCESS BY WHICH A GRANTEE MAY REQUEST AN
4 ADVANCE PAYMENT FROM THE ADMINISTERING STATE AGENCY; AND

5 (C) THE APPROVAL PROCESS OF THE ADVANCE PAYMENT REQUEST;

6 (III) ENSURE THAT ANY ADVANCE PAYMENT TO A GRANTEE IS THE
7 MINIMUM AMOUNT NEEDED TO ACHIEVE THE OUTCOME OF ACTUAL,
8 IMMEDIATE CASH REQUIREMENTS OF THE GRANTEE IN CARRYING OUT THE
9 GRANT OBJECTIVE; AND

10 (IV) USE THE OFFICE OF THE STATE CONTROLLER'S RISK
11 ASSESSMENT TOOL TO DETERMINE WHETHER A GRANTEE IS HIGH, MEDIUM,
12 OR LOW RISK AND ALLOW ADVANCE PAYMENT ONLY TO A GRANTEE THAT
13 IS DETERMINED TO BE LOW RISK. AN ADMINISTERING STATE AGENCY MAY
14 MODIFY THE CONSIDERATIONS IN THE RISK ASSESSMENT TOOL DEPENDING
15 ON THE SPECIFIC SITUATION.

16 (b) THE GRANTEE SHALL:

17 (I) PROVIDE AN ITEMIZED BUDGET TO THE ADMINISTERING STATE
18 AGENCY FOR THE ELIGIBLE COSTS THAT THE ADVANCE PAYMENT WILL
19 COVER, THE INDIRECT OR OTHER COSTS THAT THE GRANTEE NEEDS TO
20 OPERATE, A SPENDING TIMELINE, AND A WORKPLAN DEVELOPED IN A FORM
21 AND MANNER SPECIFIED BY THE ADMINISTERING STATE AGENCY;

22 (II) SUBMIT DOCUMENTATION, AS REQUIRED BY THE
23 ADMINISTERING STATE AGENCY, TO SUPPORT THE NEED FOR ADVANCE
24 PAYMENT, WHICH MAY INCLUDE INVOICES, CONTRACTS, ESTIMATES,
25 PAYROLL RECORDS, AND FINANCIAL RECORDS TO DEMONSTRATE THE
26 MINIMUM AMOUNT NEEDED TO ACHIEVE THE GRANT OBJECTIVE AND BE
27 TIMED WITH ACTUAL, IMMEDIATE, CASH REQUIREMENTS OF THE GRANTEE;

1 (III) IF REQUIRED BY THE ADMINISTERING STATE AGENCY AND
2 STIPULATED WITHIN THE GRANT AGREEMENT, OBTAIN INSURANCE IN AN
3 AMOUNT COMMENSURATE WITH THE ASSESSED RISK DETERMINED BY THE
4 ADMINISTERING STATE AGENCY PURSUANT TO SUBSECTION (1)(a)(IV) OF
5 THIS SECTION;

6 (IV) ESTABLISH PROCEDURES TO MINIMIZE THE AMOUNT OF TIME
7 THAT ELAPSES BETWEEN THE TRANSFER OF MONEY AND THE EXPENDITURE
8 OF THE MONEY BY THE GRANTEE;

9 (V) PROVIDE A PROGRESS REPORT TO THE ADMINISTERING STATE
10 AGENCY FOLLOWING THE EXPENDITURE OF AN ADVANCE PAYMENT THAT
11 INCLUDES A SUMMARY OF WORK COMPLETED, PROOF OF EXPENDITURE,
12 AND OTHER ASSOCIATED INFORMATION AS DETERMINED BY THE
13 ADMINISTERING STATE AGENCY; AND

14 (VI) DISCLOSE ITS INTERNAL CONTROLS INCLUDING THE
15 BACKGROUND OF THE GRANTEE'S MANAGEMENT, THE MANAGEMENT'S
16 COMMITMENT TO INTEGRITY AND ETHICAL VALUES, A RISK ASSESSMENT
17 THAT IDENTIFIES THE RISKS OF ACHIEVING THE OBJECTIVES OF THE GRANT,
18 CONTROL ACTIVITIES SUCH AS AUTHORIZATION AND SEGREGATION OF
19 DUTIES, PREVENTATIVE, DETECTIVE, AND CORRECTIVE CONTROLS,
20 INFORMATION SYSTEMS INCLUDING THE FINANCIAL SYSTEM THAT WILL BE
21 USED TO TRACK AND REPORT GRANT SPENDING, AND MONITORING OF THE
22 GRANT.

23 (c) ADVANCE PAYMENTS AUTHORIZED PURSUANT TO THIS SECTION
24 ARE LIMITED TO THE MINIMUM IMMEDIATE CASH REQUIREMENT OF THE
25 GRANTEE THAT ARE NECESSARY TO ACHIEVE THE GRANT OBJECTIVE. THE
26 GRANTEE SHALL PROPOSE THE MINIMUM AMOUNT NEEDED TO ACHIEVE THE
27 GRANT OBJECTIVE AND THE CONTROLLER OF THE ADMINISTERING STATE

1 AGENCY SHALL REVIEW AND DETERMINE WHETHER TO ACCEPT THE
2 AMOUNT OR PROPOSE AN ALTERNATIVE AMOUNT BASED ON THE
3 REQUIREMENTS SPECIFIED IN SUBSECTIONS (1)(a) AND (1)(b) OF THIS
4 SECTION. THE CONTROLLER OF THE ADMINISTERING STATE AGENCY SHALL
5 FORWARD ADVANCE PAYMENT REQUESTS TO THE STATE CONTROLLER FOR
6 APPROVAL.

7 (2) A GRANTEE SHALL RETURN TO THE ADMINISTERING STATE
8 AGENCY ALL UNUSED MONEY PROVIDED AS AN ADVANCE PAYMENT BUT
9 NOT EXPENDED WITHIN THE GRANT AGREEMENT TIMELINE.

10 (3) A GRANTEE THAT IS PAID A PERCENTAGE OF THE TOTAL VALUE
11 OF THE PAYMENTS UNDER A GRANT AGREEMENT WITH AN ADMINISTERING
12 STATE AGENCY IMMEDIATELY UPON EXECUTING THE GRANT AGREEMENT
13 MUST COMPLY WITH ALL OF THE REPORTING REQUIREMENTS SPECIFIED IN
14 THE GRANT AGREEMENT.

15 (4) IF AN ADMINISTERING STATE AGENCY OR THE OFFICE OF THE
16 STATE CONTROLLER DENIES A GRANTEE'S REQUEST FOR ADVANCE
17 PAYMENT, THE ADMINISTERING STATE AGENCY SHALL PROVIDE THE
18 GRANTEE WITH A WRITTEN EXPLANATION OF THE DEFICIENCIES IN THE
19 APPLICATION FOR ADVANCE PAYMENT THAT DETERMINED THE DECISION
20 TO DENY THE REQUEST. THE ADMINISTERING STATE AGENCY SHALL MAKE
21 THE ELEMENTS AND RESULTS OF THE RISK ASSESSMENT DETERMINED
22 PURSUANT TO SUBSECTION (1)(a)(IV) OF THIS SECTION AVAILABLE TO THE
23 GRANTEE.

24 (5) NOTHING IN THIS SECTION PREVENTS AN ADMINISTERING STATE
25 AGENCY, IN PROVIDING FUNDING TO A GRANTEE AS DESCRIBED IN THIS
26 SECTION, FROM USING A WAIVER PROCESS AVAILABLE THROUGH FISCAL
27 RULES ADOPTED BY THE STATE CONTROLLER OR RULES ADOPTED BY A

1 FEDERAL GOVERNMENTAL ENTITY TO DISPENSE A PERCENTAGE OF THE
2 TOTAL VALUE OF THE PAYMENTS UNDER THE GRANT AGREEMENT TO THE
3 GRANTEE IMMEDIATELY UPON EXECUTING OR RENEWING THE GRANT
4 AGREEMENT.

5 (6) NOTHING IN THIS SECTION LIMITS, PROHIBITS, OR SUPERCEDES
6 ANY EXISTING PAYMENT OR GRANT-MAKING AUTHORITY OR POWERS OF A
7 STATE AGENCY.

8 **SECTION 2. Appropriation.** (1) For the 2026-27 state fiscal
9 year, \$34,146 is appropriated to the department of personnel for use by
10 the division of accounts and control. This appropriation is from the
11 general fund. To implement this act, the division may use this
12 appropriation as follows:

13 (a) \$26,634 for personal services related to financial operations
14 and reporting, which amount is based on an assumption that the division
15 will require an additional 0.5 FTE; and

16 (b) \$7,512 for operating expenses related to financial operations
17 and reporting.

18 **SECTION 3. Act subject to petition - effective date.** This act
19 takes effect at 12:01 a.m. on the day following the expiration of the
20 ninety-day period after final adjournment of the general assembly (August
21 12, 2026, if adjournment sine die is on May 13, 2026); except that, if a
22 referendum petition is filed pursuant to section 1 (3) of article V of the
23 state constitution against this act or an item, section, or part of this act
24 within such period, then the act, item, section, or part will not take effect
25 unless approved by the people at the general election to be held in
26 November 2026 and, in such case, will take effect on the date of the
27 official declaration of the vote thereon by the governor.