

Initiative 2023-2024 #170: Limit attorney contingent fees in cases of personal injury and wrongful death

(Initial Proposal Submission)

Be it Enacted by the People of the State of Colorado:

SECTION 1. Legislative declaration. (1) THE PEOPLE OF THE STATE OF COLORADO HEREBY FIND AND DECLARE THAT:

(a) A CONTINGENT FEE IS AN ATTORNEY’S FEE THAT IS BASED UPON A PERCENTAGE OF THE MONEY DAMAGES AWARDED TO THE CLIENT.

(b) UNDER A CONTINGENT FEE AGREEMENT, THE ATTORNEY’S COMPENSATION IS GENERALLY HIGHER THAN IT WOULD BE IF THE ATTORNEY WERE RETAINED ON AN HOURLY BASIS.

(c) IN CASES INVOLVING PERSONAL INJURY AND WRONGFUL DEATH, VICTIMS AND THEIR FAMILIES HAVE LITTLE BARGAINING POWER IN DETERMINING WHAT PERCENTAGE OF THE FINAL COMPENSATION SHOULD BE OWED TO THEIR ATTORNEY.

(d) LIMITING AN ATTORNEY’S CONTINGENT FEE TO TWENTY-FIVE PERCENT OF THE CLIENT’S TOTAL AWARD ENSURES THAT THE ATTORNEY WILL NOT BENEFIT FROM HIGH FEES AT THE EXPENSE OF THE CLIENT RECEIVING JUST COMPENSATION FOR PERSONAL INJURIES OR WRONGFUL DEATH.

SECTION 2. In Colorado Revised Statutes, **add** 13-17-204 as follows:

Section 13-17-204. Limit on contingency fees. (1) EXCEPT AS OTHERWISE PROVIDED BY LAW, WHEN AN ATTORNEY UNDERTAKES ANY LEGAL REPRESENTATION INVOLVING PERSONAL INJURY OR WRONGFUL DEATH IN WHICH COMPENSATION IS DETERMINED ON THE BASIS OF A CONTINGENT FEE, THE ATTORNEY’S TOTAL COMPENSATION FOR SUCH REPRESENTATION SHALL NOT EXCEED TWENTY-FIVE PERCENT OF THE TOTAL AMOUNT AWARDED TO THE CLIENT, REGARDLESS OF WHETHER THE CONTINGENT FEE IS STATED AS A FIXED AMOUNT OR BY A PERCENTAGE OF THE AWARD.

(2) AS USED IN THIS SECTION, “CONTINGENT FEE” MEANS A FEE FOR LEGAL SERVICES UNDER WHICH COMPENSATION IS CONTINGENT IN WHOLE OR IN PART UPON THE SUCCESSFUL ACCOMPLISHMENT OR DISPOSITION OF THE SUBJECT MATTER OF THE REPRESENTATION.

SECTION 3. Effective Date – applicability. This act takes effect on July 1, 2025 and shall apply to agreements for legal representation entered into on or after such date.