

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

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 24-0125.01 Conrad Imel x2313

HOUSE BILL 24-1353

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A BILL FOR AN ACT

101 **CONCERNING REQUIREMENTS TO ENGAGE IN THE BUSINESS OF**
102 **DEALING IN FIREARMS, AND, IN CONNECTION THEREWITH,**
103 **ESTABLISHING A STATE FIREARMS DEALER PERMIT AND MAKING**
104 **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>.)

The bill requires a firearms dealer (dealer) to obtain a state firearms dealer permit (state permit) in order to engage in the business of dealing in firearms in Colorado. Engaging in the business of dealing 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.

SENATE
2nd Reading Unamended
May 7, 2024

HOUSE
3rd Reading Unamended
April 20, 2024

HOUSE
Amended 2nd Reading
April 19, 2024

firearms without a permit is an unclassified felony, punishable by a fine of up to \$250,000. In order to be eligible for a state permit, the dealer must hold a federal firearms license; not have had a federal, state, or local license to deal firearms or ammunition revoked, suspended, or denied within the prior 3 years; and not have violated any state or federal law concerning the possession, purchase, or sale of firearms in the 3 years before applying for the license. The department of revenue (department) is responsible for issuing state permits. The fee for issuing a permit is \$400, which may be adjusted annually by the department.

The department shall revoke a dealer's state permit if the dealer:

- No longer holds a valid federal firearms license;
- Does not permit a required inspection of the dealer's business or a required record; or
- Is convicted of trafficking in firearms, obtaining a firearm for or transferring a firearm to a person who is ineligible to possess a firearm, or unlawfully selling or transferring a firearm component or accessory.

If the department finds that a dealer failed to post a required notice about unlawful purchase, report a suspected unlawful purchase, or failed to make a required record, the department shall issue a warning and, for a second or subsequent offense, may revoke the dealer's state permit.

If the department finds that the dealer has violated other federal, state, or local laws concerning the sale of firearms or firearm components, the department shall:

- For a first offense, issue a warning; and
- For a second offense, revoke the dealer's state permit.

The denial or revocation of a permit is subject to the requirements of the "State Administrative Procedure Act".

The bill requires a dealer and each employee of a dealer to annually complete a training course developed or approved by the department. The bill requires a dealer to:

- Secure each firearm in a manner that prevents a customer or other member of the public from accessing or using the firearm, except when the firearm is being shown to a customer, repaired, or otherwise worked on; and
- Report to law enforcement when the dealer suspects an employee is involved in a straw purchase or theft of a firearm.

The bill prohibits a dealer from selling or transferring a firearm outside of the dealer's posted business hours or to a person who the dealer knows or suspects is under the influence of alcohol or a controlled substance.

The bill prohibits a dealer from employing a person who is prohibited from possessing a weapon or who has been convicted of a misdemeanor within the 5 previous years that would result in the person

being denied transfer of a firearm following a criminal history record check. The bill requires a dealer's employees to annually submit to a criminal history record check. If a dealer employs a person who is ineligible to possess a firearm or employs a person without conducting a required background check of the person, the department shall, for a first offense, issue a warning and, for a second offense, revoke the dealer's state permit.

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

2 **SECTION 1.** In Colorado Revised Statutes, **amend** 18-12-401 as
3 follows:

4 **18-12-401. Definitions.** As used in this part 4, unless the context
5 otherwise requires:

6 (1) (a) ~~"Firearms" means a pistol, revolver, or other weapon of any~~
7 ~~description, loaded or unloaded, from which any shot, bullet, or other~~
8 ~~missile can be discharged, the length of the barrel of which, not including~~
9 ~~any revolving, detachable, or magazine breech, does not exceed twelve~~
10 ~~inches.~~

11 (b) ~~"Firearms" does not include firearms, as defined in subsection~~
12 ~~(1)(a) of this section, for which ammunition is not sold or which there is~~
13 ~~reasonable ground for believing are not capable of being effectually used.~~

14 "DEALER" MEANS A FEDERALLY LICENSED FIREARM DEALER AS DEFINED
15 IN SECTION 18-12-101 AND ANY OTHER FEDERAL FIREARMS LICENSEE WHO,
16 WITHIN THE SCOPE OF THE LICENSEE'S LICENSE, SELLS FIREARMS AT RETAIL
17 TO THE PUBLIC.

18 (2) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE
19 CREATED PURSUANT TO SECTION 24-35-101.

20 (3) "DESTRUCTIVE DEVICE" HAS THE SAME MEANING SET FORTH IN
21 18 U.S.C. SEC. 921 (a)(4).

22 (4) "ENGAGED IN THE BUSINESS" HAS THE SAME MEANING SET

1 FORTH IN 18 U.S.C. SEC. 921 (a)(21) AND ANY FEDERAL REGULATIONS
2 PROMULGATED THEREUNDER.

3 (5) "FEDERAL FIREARMS LICENSE" MEANS A LICENSE TO IMPORT,
4 MANUFACTURE, OR DEAL IN FIREARMS ISSUED PURSUANT TO 18 U.S.C.
5 SEC. 923.

6 (6) "STATE PERMIT" MEANS THE STATE FIREARMS DEALER PERMIT
7 REQUIRED PURSUANT TO SECTION 18-12-401.5.

8 **SECTION 2.** In Colorado Revised Statutes, **add** 18-12-401.5 as
9 follows:

10 **18-12-401.5. Permit required - issuing agency - cash fund -**
11 **inspections - penalty - report - rules - repeal.** (1) (a) BEGINNING JULY
12 1, 2025, EVERY DEALER MUST OBTAIN A STATE PERMIT IN ORDER TO
13 ENGAGE IN THE BUSINESS OF DEALING IN FIREARMS OTHER THAN
14 DESTRUCTIVE DEVICES IN THIS STATE.

15 (b) A STATE PERMIT ISSUED PURSUANT TO THIS SECTION IS NOT
16 TRANSFERRABLE.

17 (c) (I) A PERSON WHO ENGAGES IN THE BUSINESS OF DEALING IN
18 FIREARMS OTHER THAN DESTRUCTIVE DEVICES WITHOUT A STATE PERMIT
19 IS GUILTY OF AN UNCLASSIFIED FELONY AND, UPON CONVICTION THEREOF,
20 SHALL BE PUNISHED BY A FINE OF NOT MORE THAN TWO HUNDRED FIFTY
21 THOUSAND DOLLARS.

22 (II) AN EMPLOYEE OF A DEALER SHALL NOT BE CHARGED FOR
23 COMMITTING THE OFFENSE DESCRIBED IN THIS SUBSECTION (1)(c) FOR
24 CONDUCT COMMITTED WHILE THE EMPLOYEE WAS ACTING WITHIN THE
25 SCOPE OF THE EMPLOYEE'S EMPLOYMENT.

26 (d) A DEALER WHO ONLY DEALS IN DESTRUCTIVE DEVICES IS NOT
27 REQUIRED TO OBTAIN A STATE PERMIT TO ENGAGE IN THE BUSINESS OF

1 DEALING IN DESTRUCTIVE DEVICES.

2 (2) (a) THE DEPARTMENT SHALL ISSUE STATE PERMITS PURSUANT
3 TO THIS SECTION.

4 (b) (I) THE DEPARTMENT SHALL PROMULGATE RULES NECESSARY
5 FOR THE IMPLEMENTATION OF THIS SECTION, INCLUDING ESTABLISHING
6 THE PROCESS FOR APPLYING FOR AND OBTAINING A STATE PERMIT. THE
7 DEPARTMENT SHALL NOT PROMULGATE RULES THAT ALTER THE
8 ELIGIBILITY CRITERIA FOR OBTAINING A PERMIT, BUT THE DEPARTMENT
9 MAY COLLECT ANY INFORMATION IT DEEMS NECESSARY TO VERIFY AN
10 APPLICANT'S ELIGIBILITY. THE DEPARTMENT MAY DEVELOP A SIMPLIFIED
11 APPLICATION FOR PERMIT RENEWALS.

12 (II) (A) THE DEPARTMENT'S INITIAL RULES PROMULGATED
13 PURSUANT TO THIS SUBSECTION (2)(b) MUST BE EFFECTIVE NO LATER
14 THAN FEBRUARY 1, 2025.

15 (B) THIS SUBSECTION (2)(b)(II) IS REPEALED, EFFECTIVE JULY 31,
16 2025.

17 (c) (I) THE FEE FOR A STATE PERMIT ISSUED ON OR BEFORE JUNE
18 30, 2026, IS FOUR HUNDRED DOLLARS. THE DEPARTMENT SHALL
19 ANNUALLY REVIEW THE FEE AND, FOR PERMITS ISSUED ON AND AFTER
20 JULY 1, 2026, MAY ANNUALLY ADJUST THE FEE BASED ON THE COSTS FOR
21 ADMINISTERING THIS SECTION. THE DEPARTMENT SHALL NOT ADJUST THE
22 FEE MORE THAN ONCE EACH YEAR AND SHALL NOT ADJUST THE FEE BY
23 MORE THAN TWENTY-FIVE DOLLARS EACH YEAR.

24 (II) THE DEPARTMENT SHALL TRANSMIT THE FEES COLLECTED
25 PURSUANT TO THIS SUBSECTION (2)(c) TO THE STATE TREASURER, WHO
26 SHALL DEPOSIT THE MONEY IN THE FIREARM DEALER PERMIT CASH FUND,
27 CREATED IN SUBSECTION (2)(d) OF THIS SECTION.

1 (d) THE FIREARM DEALER PERMIT CASH FUND IS CREATED IN THE
2 STATE TREASURY. THE FUND CONSISTS OF MONEY CREDITED TO THE FUND
3 PURSUANT TO SUBSECTION (2)(c) OF THIS SECTION AND ANY OTHER
4 MONEY THAT THE GENERAL ASSEMBLY MAY APPROPRIATE OR TRANSFER
5 TO THE FUND. THE STATE TREASURER SHALL CREDIT ALL INTEREST AND
6 INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE
7 FIREARM DEALER PERMIT CASH FUND TO THE FUND. MONEY IN THE FUND
8 IS CONTINUOUSLY APPROPRIATED TO THE DEPARTMENT FOR THE COSTS OF
9 ISSUING PERMITS AND CONDUCTING INSPECTIONS PURSUANT TO THIS
10 SECTION.

11 (3) IN ORDER TO BE ISSUED A STATE PERMIT, A DEALER MUST:

12 (a) HOLD A VALID FEDERAL FIREARMS LICENSE;

13 (b) NOT HAVE HAD A LICENSE OR PERMIT TO SELL, LEASE,
14 TRANSFER, PURCHASE, OR POSSESS A FIREARM OR AMMUNITION FROM THE
15 FEDERAL GOVERNMENT, ANY STATE, OR A SUBDIVISION OF ANY STATE,
16 REVOKED, SUSPENDED, OR DENIED FOR GOOD CAUSE WITHIN THREE YEARS
17 BEFORE SUBMITTING AN APPLICATION; AND

18 (c) NOT HAVE BEEN CONVICTED FOR A VIOLATION OF ANY
19 PROVISION OF THIS ARTICLE 12; ANY COLORADO OR ANY OTHER STATE'S
20 LAW CONCERNING THE POSSESSION, PURCHASE, OR SALE OF FIREARMS; OR
21 ANY FEDERAL LAW CONCERNING THE POSSESSION OR SALE OF FIREARMS
22 IN THE THREE YEARS BEFORE SUBMITTING AN APPLICATION FOR A STATE
23 PERMIT.

24 (4) (a) A PERSON APPLYING FOR A STATE PERMIT PURSUANT TO
25 THIS SECTION MUST COMPLETE AN APPLICATION AS PROVIDED BY
26 DEPARTMENT RULE AND PAY THE APPLICATION FEE ESTABLISHED BY THE
27 DEPARTMENT.

1 (b) A PERSON WHO HAS APPLIED FOR A FEDERAL FIREARMS LICENSE
2 MAY APPLY FOR A STATE PERMIT PRIOR TO BEING ISSUED A FEDERAL
3 FIREARMS LICENSE. THE DEPARTMENT SHALL NOT ISSUE A STATE PERMIT
4 TO THE PERSON UNTIL THE PERSON HOLDS A VALID FEDERAL FIREARMS
5 LICENSE, AS REQUIRED PURSUANT TO SUBSECTION (3)(a) OF THIS SECTION.

6 (c) (I) THE DEPARTMENT SHALL ACT UPON A STATE PERMIT
7 APPLICATION MADE PURSUANT TO THIS SECTION NO LATER THAN SIXTY
8 DAYS AFTER THE DATE THE APPLICATION IS RECEIVED; EXCEPT THAT:

9 (A) FOR GOOD CAUSE, THE DEPARTMENT MAY EXTEND THE
10 DEADLINE TO ACT FOR AN ADDITIONAL SIXTY DAYS; AND

11 (B) IF A PERSON APPLIES FOR A STATE PERMIT WHILE THE PERSON'S
12 APPLICATION FOR A FEDERAL FIREARMS LICENSE IS PENDING, AND IN
13 ADDITION TO ANY OTHER DEADLINE DESCRIBED IN THIS SUBSECTION (4),
14 THE DEPARTMENT MAY EXTEND THE DEADLINE TO ACT UNTIL FOURTEEN
15 DAYS AFTER THE PERSON NOTIFIES THE DEPARTMENT THAT THE PERSON
16 HAS BEEN ISSUED AND HOLDS A VALID FEDERAL FIREARMS LICENSE.

17 (II) (A) A DEALER WHO SUBMITS A SUFFICIENT APPLICATION ON OR
18 BEFORE MAY 2, 2025, MAY CONTINUE TO ENGAGE IN THE BUSINESS OF
19 DEALING IN FIREARMS PURSUANT TO STATE LAW UNTIL THE DEPARTMENT
20 HAS ACTED UPON THE APPLICATION. FOR THE PURPOSES OF THIS
21 SUBSECTION (4)(c)(II), AN APPLICATION IS SUFFICIENT IF IT INCLUDES ON
22 ITS FACE INFORMATION NECESSARY TO SHOW THAT THE APPLICANT IS
23 ELIGIBLE FOR A STATE PERMIT.

24 (B) THIS SUBSECTION (4)(c)(II) IS REPEALED, EFFECTIVE JUNE 30,
25 2026.

26 (d) THE DEPARTMENT SHALL ISSUE A STATE PERMIT UNLESS THE
27 APPLICANT DOES NOT MEET THE ELIGIBILITY REQUIREMENTS DESCRIBED

1 IN SUBSECTION (3) OF THIS SECTION OR THE APPLICANT HAS MADE A FALSE
2 STATEMENT ON THE APPLICATION.

3 (e) A STATE PERMIT ISSUED PURSUANT TO THIS SECTION IS VALID
4 FOR THREE YEARS.

5 (5) (a) A DEALER MAY APPLY FOR RENEWAL OF THE DEALER'S
6 STATE PERMIT AT ANY TIME IN THE NINETY DAYS PRIOR TO THE
7 EXPIRATION OF THE PERMIT. THE DEPARTMENT SHALL NOT ACCEPT A
8 RENEWAL APPLICATION SUBMITTED AFTER THE EXPIRATION OF THE
9 DEALER'S PERMIT.

10 (b) NINETY DAYS PRIOR TO THE EXPIRATION OF A STATE PERMIT,
11 THE DEPARTMENT SHALL NOTIFY THE DEALER OF THE PERMIT EXPIRATION
12 DATE.

13 (c) A DEALER WHO SUBMITS A TIMELY AND SUFFICIENT RENEWAL
14 APPLICATION MAY CONTINUE TO ENGAGE IN THE BUSINESS OF DEALING IN
15 FIREARMS PURSUANT TO STATE LAW UNTIL THE DEPARTMENT HAS ACTED
16 UPON THE RENEWAL APPLICATION. FOR THE PURPOSES OF THIS SUBSECTION
17 (5)(c), A RENEWAL APPLICATION IS SUFFICIENT IF IT INCLUDES ON ITS FACE
18 INFORMATION NECESSARY TO SHOW THAT THE APPLICANT IS ELIGIBLE FOR
19 STATE PERMIT RENEWAL.

20 (d) THE DEPARTMENT SHALL ACT UPON A RENEWAL APPLICATION
21 MADE PURSUANT TO THIS SUBSECTION (5) NO LATER THAN SIXTY DAYS
22 AFTER THE DATE THE APPLICATION IS RECEIVED.

23 (6) (a) SUBJECT TO AVAILABLE APPROPRIATIONS, THE
24 DEPARTMENT SHALL CONDUCT AN ON-SITE INSPECTION OF A RANDOM
25 SELECTION OF TEN PERCENT OF STATE PERMIT HOLDERS EACH YEAR,
26 INCLUDING INSPECTING A SELECTED PERMIT HOLDER'S PLACE OF BUSINESS,
27 TO ENSURE THAT THE PERMIT HOLDER IS COMPLYING WITH THE

1 REQUIREMENTS TO HOLD A STATE PERMIT.

2 (b) IN ADDITION TO THE INSPECTIONS REQUIRED IN SUBSECTION
3 (6)(a) OF THIS SECTION, THE DEPARTMENT MAY CONDUCT PERIODIC
4 UNANNOUNCED INSPECTIONS OF A DEALER AND THE DEALER'S PLACE OF
5 BUSINESS DURING THE DEALER'S REGULAR BUSINESS HOURS TO ENSURE
6 THAT THE DEALER IS COMPLYING WITH THE REQUIREMENTS TO HOLD A
7 STATE PERMIT.

8 (7) (a) EXCEPT AS PROVIDED IN SUBSECTION (8) OF THIS SECTION,
9 IF THE DEPARTMENT FINDS THAT A DEALER FAILED TO POST THE REQUIRED
10 NOTICE OR MAKE A REPORT CONCERNING UNLAWFUL PURCHASES ■■■ IN
11 VIOLATION OF SECTION 18-12-111, FAILED TO MAKE A RECORD REQUIRED
12 PURSUANT TO SECTION 18-12-402; TRANSFERRED A FIREARM WITHOUT A
13 LOCKING DEVICE OR FAILED TO POST THE REQUIRED NOTICE CONCERNING
14 LOCKING DEVICES, IN VIOLATION OF SECTION 18-12-405; FAILED TO
15 COMPLY WITH ANY OF THE REQUIREMENTS OF SECTION 18-12-406;
16 VIOLATED ANY OTHER PROVISION OF THIS ARTICLE 12 OR ANY OTHER
17 STATE OR LOCAL LAW CONCERNING THE SALE OF FIREARMS; OR VIOLATED
18 ANY FEDERAL LAW OR RULE CONCERNING THE SALE OF FIREARMS OR
19 FIREARM COMPONENTS FOR WHICH THE PENALTY INCLUDES POTENTIAL
20 REVOCATION OF THE PERSON'S FEDERAL FIREARMS LICENSE, THE
21 DEPARTMENT SHALL:

22 (I) FOR A FIRST OFFENSE, ISSUE A WARNING TO THE DEALER THAT
23 INCLUDES A DESCRIPTION OF THE OFFENSE AND THE POSSIBLE PENALTIES
24 FOR SUBSEQUENT OFFENSES; AND

25 (II) FOR A SECOND OR SUBSEQUENT OFFENSE:

26 (A) ISSUE A WARNING TO THE DEALER THAT INCLUDES A
27 DESCRIPTION OF THE OFFENSE AND THE PENALTY FOR SUBSEQUENT

1 OFFENSES;

2 (B) SUSPEND THE DEALER'S STATE PERMIT FOR A PERIOD OF TIME
3 DETERMINED BY THE DEPARTMENT; OR

4 (C) REVOKE THE DEALER'S STATE PERMIT.

5 (b) A DEALER WHO HAS HAD A STATE PERMIT REVOKED PURSUANT
6 TO THIS SUBSECTION (7) MAY APPLY FOR A NEW PERMIT NO SOONER THAN
7 THREE YEARS AFTER THE REVOCATION.

8 (8) (a) NOTWITHSTANDING SUBSECTION (7) OF THIS SECTION, THE
9 DEPARTMENT SHALL REVOKE A STATE PERMIT IF THE STATE PERMIT
10 HOLDER:

11 (I) NO LONGER HOLDS A VALID FEDERAL FIREARMS LICENSE;

12 (II) REFUSES TO ALLOW THE DEPARTMENT TO CONDUCT AN
13 ON-SITE INSPECTION PURSUANT TO SUBSECTION (6) OF THIS SECTION;

14 (III) REFUSES TO PERMIT AN OFFICER TO INSPECT A RECORD AS
15 REQUIRED IN SECTION 18-12-402; OR

16 (IV) IS CONVICTED OF ANY OF THE FOLLOWING:

17 (A) PURCHASING OR OTHERWISE OBTAINING A FIREARM ON BEHALF
18 OF, OR FOR TRANSFER TO, A PERSON WHO IS INELIGIBLE TO POSSESS A
19 FIREARM PURSUANT TO SECTION 18-12-111 OR 18 U.S.C. SEC. 932;

20 (B) TRANSFERRING A FIREARM PRIOR TO RECEIVING THE RESULTS
21 OF A BACKGROUND CHECK PURSUANT TO SECTION 18-12-112.5;

22 (C) TRAFFICKING IN FIREARMS PURSUANT TO 18 U.S.C. SEC. 933,
23 OR AIDING AND ABETTING TRAFFICKING IN FIREARMS;

24 (D) SELLING OR OTHERWISE TRANSFERRING A FIREARM TO A
25 PERSON WHO IS INELIGIBLE TO POSSESS THE FIREARM PURSUANT TO STATE
26 OR FEDERAL LAW; OR

27 (E) SELLING OR OTHERWISE TRANSFERRING A FIREARM

1 COMPONENT OR ACCESSORY, AS DEFINED IN SECTION 29-11.7-101.5, TO
2 ANOTHER PERSON IN VIOLATION OF FEDERAL, STATE, OR LOCAL LAW.

3 (b) (I) A PERSON WHOSE STATE PERMIT IS REVOKED SOLELY
4 BECAUSE THE PERSON NO LONGER HOLDS A VALID FEDERAL FIREARMS
5 LICENSE, PURSUANT TO SUBSECTION (8)(a)(I) OF THIS SECTION, MAY APPLY
6 FOR A NEW STATE PERMIT ANY TIME AFTER THE PERSON OBTAINS A VALID
7 FEDERAL FIREARMS LICENSE.

8 (II) A PERSON WHOSE STATE PERMIT IS REVOKED PURSUANT TO
9 SUBSECTIONS (8)(a)(II) TO (8)(a)(IV) OF THIS SECTION MAY APPLY FOR A
10 NEW PERMIT NO SOONER THAN THREE YEARS AFTER THE REVOCATION.

11 (9) IF THE DEPARTMENT REVOKES A DEALER'S STATE PERMIT, THE
12 DEPARTMENT MUST NOTIFY THE UNITED STATES BUREAU OF ALCOHOL,
13 TOBACCO, FIREARMS, AND EXPLOSIVES OF THE REVOCATION AND THE
14 REASON FOR THE REVOCATION.

15 (10) THE DENIAL OR REVOCATION OF A STATE PERMIT PURSUANT
16 TO THIS SECTION IS SUBJECT TO THE REQUIREMENTS DESCRIBED IN
17 SECTIONS 24-4-104 AND 24-4-105, AND JUDICIAL REVIEW PURSUANT TO
18 SECTION 24-4-106.

19 (11) A PERSON WHO IS A FORMER STATE PERMIT HOLDER,
20 INCLUDING A PERSON WHOSE STATE PERMIT WAS REVOKED OR WHOSE
21 STATE PERMIT RENEWAL WAS DENIED, IS SUBJECT TO THE PROHIBITION ON
22 ENGAGING IN THE BUSINESS OF DEALING FIREARMS WITHOUT A STATE
23 PERMIT DESCRIBED IN SUBSECTION (1)(c) OF THIS SECTION. A PERSON WHO
24 IS A FORMER STATE PERMIT HOLDER WHO WISHES TO DISPOSE OF
25 INVENTORY SHALL DISPOSE OF INVENTORY IN A MANNER THAT DOES NOT
26 CONSTITUTE BEING ENGAGED IN THE BUSINESS OF DEALING IN FIREARMS.

27 (12) (a) NO LATER THAN AUGUST 1, 2026, AND NO LATER THAN

1 AUGUST 1 OF EACH YEAR THEREAFTER, THE DEPARTMENT SHALL SUBMIT
2 A REPORT TO THE JOINT BUDGET COMMITTEE ABOUT FIREARM DEALER
3 PERMITTING IN THE PRIOR STATE FISCAL YEAR. THE REPORT MUST
4 INCLUDE, AT A MINIMUM, THE NUMBER OF PERMIT APPLICATIONS
5 RECEIVED, GRANTED, AND DENIED; THE NUMBER OF PERMITS REVOKED
6 AND THE BASIS FOR THE REVOCATION; THE NUMBER OF DEALER
7 INSPECTIONS CONDUCTED; THE AMOUNT OF FEE MONEY COLLECTED AND
8 DEPOSITED INTO THE FIREARM DEALER PERMIT CASH FUND AND THE
9 AMOUNT OF MONEY SPENT FROM THE FUND; AND THE TOTAL AMOUNTS
10 SPENT ON PERMITTING COSTS AND INSPECTION COSTS. THE NEXT REPORT
11 MADE FOLLOWING AN INCREASE IN THE PERMIT FEE PURSUANT TO
12 SUBSECTION (2)(c)(I) OF THIS SECTION MUST INCLUDE AN EXPLANATION
13 OF THE FEE INCREASE. THE REPORT MAY INCLUDE INFORMATION ABOUT
14 THE RACE, GENDER, AND GEOGRAPHIC LOCATION OF PERSONS WHO
15 APPLIED FOR A PERMIT, INCLUDING WHETHER THE APPLICATION WAS
16 GRANTED OR DENIED, AND PERSONS WHOSE PERMITS WERE REVOKED.

17 (b) NOTWITHSTANDING SECTION 24-1-136 (11)(a)(I), THE
18 REQUIREMENT TO SUBMIT THE REPORT DESCRIBED IN THIS SUBSECTION
19 (12) CONTINUES INDEFINITELY.

20 **SECTION 3.** In Colorado Revised Statutes, **add** 18-12-406 as
21 follows:

22 **18-12-406. Requirements for firearms dealers - training -**
23 **securing firearms - sale outside of business hours prohibited - rules**
24 **- penalty.** (1) (a) THE DEPARTMENT SHALL DEVELOP TRAINING OR
25 APPROVE TRAINING COURSES PROVIDED BY OTHER ENTITIES FOR DEALERS
26 AND DEALERS' EMPLOYEES. THE TRAINING MUST BE AVAILABLE IN AN
27 ONLINE FORMAT AND INCLUDE AN EXAMINATION WITH AT LEAST TWENTY

1 QUESTIONS DERIVED FROM THE COURSE MATERIAL AND INTENDED TO
2 CONFIRM THAT A COURSE PARTICIPANT UNDERSTANDS THE INFORMATION
3 COVERED IN THE COURSE. THE DEPARTMENT, OR OTHER TRAINER
4 CONDUCTING THE TRAINING, SHALL GIVE A PARTICIPANT WHO ANSWERS AT
5 LEAST SEVENTY PERCENT OF THE EXAMINATION QUESTIONS CORRECTLY
6 A PRINTABLE CERTIFICATE OF COMPLETION THAT IS VALID FOR ONE YEAR
7 AFTER THE DATE OF COMPLETION. THE TRAINING MUST INCLUDE
8 INSTRUCTION REGARDING THE FOLLOWING:

9 (I) FEDERAL AND STATE LAWS GOVERNING THE SALE AND
10 TRANSFER OF FIREARMS AND AMMUNITION;

11 (II) RECOGNIZING AND IDENTIFYING STRAW PURCHASERS AND
12 FRAUDULENT ACTIVITY;

13 (III) INDICATORS THAT A PERSON IS ATTEMPTING TO PURCHASE A
14 FIREARM ILLEGALLY;

15 (IV) RECOGNIZING AND IDENTIFYING INDICATORS THAT AN
16 INDIVIDUAL INTENDS TO USE A FIREARM FOR UNLAWFUL PURPOSES;

17 (V) RECOGNIZING AND IDENTIFYING INDICATORS THAT AN
18 INDIVIDUAL INTENDS TO USE A FIREARM FOR SELF-HARM;

19 (VI) PREVENTING THEFT OR BURGLARY OF FIREARMS AND
20 AMMUNITION;

21 (VII) RESPONDING TO CIRCUMSTANCES DESCRIBED IN
22 SUBSECTIONS (1)(a)(I) TO (1)(a)(VI) OF THIS SECTION, AND ANY
23 APPLICABLE REPORTING REQUIREMENTS;

24 (VIII) EFFECTIVELY TEACHING CONSUMERS RULES OF FIREARM
25 SAFETY, INCLUDING THE SAFE HANDLING AND STORAGE OF FIREARMS; AND

26 (IX) ANY OTHER REASONABLE BUSINESS PRACTICES THAT THE
27 DEPARTMENT DETERMINES WILL DETER FIREARM TRAFFICKING OR THE

1 UNLAWFUL USE OF FIREARMS.

2 (b) A DEALER SHALL, WITHIN THIRTY DAYS AFTER THE DATE THE
3 PERMIT IS ISSUED AND ANNUALLY THEREAFTER, COMPLETE A TRAINING
4 COURSE DEVELOPED OR APPROVED BY THE DEPARTMENT PURSUANT TO
5 THIS SUBSECTION (1).

6 (c) (I) AN EMPLOYEE OF A DEALER WHO, IN THE COURSE OF THE
7 EMPLOYEE'S DUTIES, HANDLES FIREARMS; PROCESSES THE SALE, LOAN, OR
8 TRANSFER OF FIREARMS; OR OTHERWISE HAS ACCESS TO FIREARMS SHALL,
9 WITHIN THIRTY DAYS AFTER THE EMPLOYEE'S FIRST DAY OF WORK FOR THE
10 DEALER AND ANNUALLY THEREAFTER, COMPLETE A TRAINING COURSE
11 DEVELOPED OR APPROVED BY THE DEPARTMENT PURSUANT TO THIS
12 SUBSECTION (1). AN EMPLOYEE WHO, IN THE COURSE OF THE EMPLOYEE'S
13 DUTIES, HANDLES FIREARMS; PROCESSES THE SALE, LOAN, OR TRANSFER
14 OF FIREARMS; OR OTHERWISE HAS ACCESS TO FIREARMS, WHO IS
15 EMPLOYED BY A DEALER ON THE EFFECTIVE DATE OF THIS SECTION SHALL
16 COMPLETE THE EMPLOYEE'S FIRST TRAINING COURSE NO LATER THAN
17 THIRTY DAYS AFTER THE EFFECTIVE DATE OF THIS SECTION.

18 (II) A DEALER SHALL MAINTAIN THE TRAINING RECORDS OF EACH
19 EMPLOYEE AND SHALL MAKE THE RECORDS AVAILABLE TO THE
20 DEPARTMENT DURING AN ON-SITE INSPECTION OF THE DEALER'S PLACE OF
21 BUSINESS.

22 (2) A DEALER SHALL NOT CONDUCT BUSINESS OR STORE FIREARMS
23 AT THE DEALER'S PLACE OF BUSINESS UNLESS THE DEALER SECURES EACH
24 FIREARM, EXCEPT WHEN THE FIREARM IS BEING SHOWN TO A CUSTOMER,
25 REPAIRED, OR OTHERWISE WORKED ON, IN A MANNER THAT PREVENTS
26 UNAUTHORIZED USE OF THE FIREARM. SECURING A FIREARM MAY
27 INCLUDE KEEPING THE FIREARM IN A LOCKED CONTAINER, INCLUDING A

1 LOCKED DISPLAY CASE; PROPERLY INSTALLING A LOCKING DEVICE ON THE
2 FIREARM; OR, IF THE FIREARM IS A PERSONALIZED FIREARM, ACTIVATING
3 THE SAFETY CHARACTERISTICS OF THE FIREARM.

4 (3) A DEALER SHALL NOT SELL OR TRANSFER A FIREARM:

5 (a) OUTSIDE OF THE DEALER'S POSTED BUSINESS HOURS; EXCEPT
6 THAT A DEALER MAY SELL OR TRANSFER A FIREARM AT A GUN SHOW, AS
7 DEFINED IN SECTION 18-12-506, OUTSIDE OF THE DEALER'S POSTED
8 BUSINESS HOURS; OR

9 (b) TO A PERSON THE DEALER KNOWS OR SUSPECTS IS UNDER THE
10 INFLUENCE OF INTOXICATING LIQUOR OR OF A CONTROLLED SUBSTANCE,
11 AS DEFINED IN SECTION 18-18-102 (5).

12 (4) IF A DEALER KNOWS OR SUSPECTS THAT AN EMPLOYEE OF THE
13 DEALER IS INVOLVED IN THE THEFT OF A FIREARM FROM THE DEALER'S
14 BUSINESS, THE DEALER SHALL REPORT THE THEFT WITHIN FORTY-EIGHT
15 HOURS AFTER LEARNING OF THE THEFT TO A LAW ENFORCEMENT AGENCY
16 WITH JURISDICTION OVER THE DEALER'S PLACE OF BUSINESS.

17 (5) THE DEPARTMENT MAY PROMULGATE RULES NECESSARY TO
18 IMPLEMENT THIS SECTION.

19 (6) A VIOLATION OF ANY PROVISION OF THIS SECTION BY A DEALER
20 IS A VIOLATION OF STATE LAW CONCERNING THE SALE OF FIREARMS AND
21 IS SUBJECT TO THE PENALTIES DESCRIBED IN SECTION 18-12-401.5 (7).

22 **SECTION 4.** In Colorado Revised Statutes, **add** 18-12-407 as
23 follows:

24 **18-12-407. Dealer employee requirements - background check**
25 **- penalty - repeal.** (1) A DEALER SHALL NOT EMPLOY A PERSON WHO, IN
26 THE COURSE OF THE PERSON'S DUTIES, HANDLES FIREARMS, PROCESSES THE
27 SALE, LOAN, OR TRANSFER OF FIREARMS, OR OTHERWISE HAS ACCESS TO

1 FIREARMS, WHO:

2 (a) HAS BEEN CONVICTED OF AN OFFENSE THAT PROHIBITS THE
3 PERSON FROM POSSESSING A WEAPON PURSUANT TO SECTION 18-12-108;

4 (b) HAS BEEN CONVICTED OF A MISDEMEANOR OFFENSE DESCRIBED
5 IN SECTION 24-33.5-424 (3)(b.3) WITHIN FIVE YEARS BEFORE THE DATE OF
6 THE PERSON'S EMPLOYMENT APPLICATION; OR

7 (c) IS PROHIBITED FROM POSSESSING A FIREARM PURSUANT TO 18
8 U.S.C. SEC. 922 (g).

9 (2) IN ORDER TO DETERMINE WHETHER THE DEALER MAY EMPLOY
10 A PERSON CONSISTENT WITH THIS SECTION, THE DEALER SHALL REQUIRE
11 A PROSPECTIVE EMPLOYEE TO SUBMIT TO A CRIMINAL HISTORY RECORD
12 CHECK AS DESCRIBED IN SUBSECTION (3) OF THIS SECTION. A DEALER
13 SHALL ONLY ACCEPT THE RESULTS OF A CRIMINAL HISTORY RECORD CHECK
14 COMPLETED WITHIN SEVEN DAYS BEFORE THE EMPLOYEE'S FIRST DAY OF
15 WORK.

16 (3) (a) BEFORE A PERSON BEGINS WORK FOR THE DEALER IN A
17 POSITION IN WHICH THE PERSON WILL HANDLE FIREARMS; PROCESS THE
18 SALE, LOAN, OR TRANSFER OF FIREARMS; OR OTHERWISE HAVE ACCESS TO
19 FIREARMS, THE PERSON SHALL SUBMIT TO A FINGERPRINT-BASED CRIMINAL
20 HISTORY RECORD CHECK. THE PERSON SHALL PAY THE COSTS ASSOCIATED
21 WITH THE FINGERPRINT-BASED CRIMINAL HISTORY RECORD CHECK.

22 (b) THE PERSON SHALL HAVE THE PERSON'S FINGERPRINTS TAKEN
23 BY A LOCAL LAW ENFORCEMENT AGENCY OR ANY THIRD PARTY APPROVED
24 BY THE COLORADO BUREAU OF INVESTIGATION FOR THE PURPOSE OF
25 OBTAINING A FINGERPRINT-BASED CRIMINAL HISTORY RECORD CHECK. THE
26 PERSON SHALL AUTHORIZE THE ENTITY TAKING THE PERSON'S
27 FINGERPRINTS TO SUBMIT, AND THE ENTITY SHALL SUBMIT, THE COMPLETE

1 SET OF THE PERSON'S FINGERPRINTS TO THE COLORADO BUREAU OF
2 INVESTIGATION FOR THE PURPOSE OF CONDUCTING A FINGERPRINT-BASED
3 CRIMINAL HISTORY RECORD CHECK.

4 (c) IF AN APPROVED THIRD PARTY TAKES THE PERSON'S
5 FINGERPRINTS, THE FINGERPRINTS MAY BE ELECTRONICALLY CAPTURED
6 USING COLORADO BUREAU OF INVESTIGATION-APPROVED LIVSCAN
7 EQUIPMENT. THIRD-PARTY VENDORS SHALL NOT KEEP THE PERSON'S
8 INFORMATION FOR MORE THAN THIRTY DAYS.

9 (d) THE COLORADO BUREAU OF INVESTIGATION SHALL USE THE
10 PERSON'S FINGERPRINTS TO CONDUCT A CRIMINAL HISTORY RECORD CHECK
11 USING THE BUREAU'S RECORDS. THE COLORADO BUREAU OF
12 INVESTIGATION SHALL ALSO FORWARD THE FINGERPRINTS TO THE FEDERAL
13 BUREAU OF INVESTIGATION FOR THE PURPOSE OF CONDUCTING A
14 FINGERPRINT-BASED CRIMINAL HISTORY RECORD CHECK. THE COLORADO
15 BUREAU OF INVESTIGATION, THE PERSON, THE DEPARTMENT, AND THE
16 ENTITY TAKING FINGERPRINTS SHALL COMPLY WITH THE FEDERAL BUREAU
17 OF INVESTIGATION'S REQUIREMENTS TO CONDUCT A CRIMINAL HISTORY
18 RECORD CHECK.

19 (e) THE COLORADO BUREAU OF INVESTIGATION SHALL RETURN THE
20 RESULTS OF ITS CRIMINAL HISTORY RECORD CHECK TO THE DEPARTMENT,
21 AND THE DEPARTMENT IS AUTHORIZED TO RECEIVE THE RESULTS OF THE
22 FEDERAL BUREAU OF INVESTIGATION'S CRIMINAL HISTORY RECORD CHECK.
23 THE DEPARTMENT SHALL USE THE INFORMATION RESULTING FROM THE
24 CRIMINAL HISTORY RECORD CHECKS TO INVESTIGATE AND DETERMINE
25 WHETHER A PERSON IS QUALIFIED FOR EMPLOYMENT PURSUANT TO THIS
26 SECTION.

27 (f) WHEN THE FEDERAL BUREAU OF INVESTIGATION IS UNABLE TO

1 COMPLETE A FINGERPRINT-BASED CRIMINAL HISTORY RECORD CHECK OF
2 A PERSON, THE COLORADO BUREAU OF INVESTIGATION SHALL INFORM THE
3 DEPARTMENT, AND THE DEPARTMENT MAY CONDUCT A NAME-BASED
4 CRIMINAL HISTORY RECORD CHECK OF THE PERSON USING COLORADO
5 BUREAU OF INVESTIGATION'S RECORDS AS A SUBSTITUTE FOR THE
6 FINGERPRINT-BASED CRIMINAL HISTORY RECORD CHECK REQUIRED IN THIS
7 SECTION.

8 (g) WHEN THE RESULTS OF A CRIMINAL HISTORY RECORD CHECK
9 OF A PERSON PERFORMED PURSUANT TO THIS SUBSECTION (3) REVEAL A
10 RECORD OF ARREST WITHOUT A DISPOSITION, THE DEPARTMENT SHALL
11 REQUIRE THE PERSON TO SUBMIT TO A NAME-BASED JUDICIAL RECORD
12 CHECK, AS DEFINED IN SECTION 22-2-119.3 (6)(d).

13 (h) AN EMPLOYEE OF A DEALER SHALL [REDACTED] SUBMIT TO A
14 FINGERPRINT-BASED CRIMINAL HISTORY RECORD CHECK ONCE EVERY
15 THREE YEARS IN THE MANNER DESCRIBED IN THIS SUBSECTION (3).

16 (4) A DEALER SHALL MAINTAIN A COPY OF THE NOTICE FROM THE
17 DEPARTMENT FOLLOWING EACH BACKGROUND CHECK CONDUCTED
18 PURSUANT TO SUBSECTION (3) OF THIS SECTION INDICATING THAT A
19 PERSON IS QUALIFIED FOR EMPLOYMENT. THE DEALER SHALL MAINTAIN A
20 COPY OF THE NOTICE FOR THE DURATION OF THE PERSON'S EMPLOYMENT
21 AND SHALL MAKE THE NOTICE AVAILABLE TO THE DEPARTMENT DURING
22 AN ON-SITE INSPECTION OF THE DEALER'S PLACE OF BUSINESS.

23 (5) (a) NOTWITHSTANDING THE REQUIREMENT IN SUBSECTION (1)
24 OF THIS SECTION, A PERSON EMPLOYED BY A DEALER ON THE EFFECTIVE
25 DATE OF THIS SECTION WHO SUBMITS FINGERPRINTS FOR A BACKGROUND
26 CHECK PURSUANT TO SUBSECTION (3) OF THIS SECTION BEFORE JULY 8,
27 2025, MAY CONTINUE EMPLOYMENT WITHOUT THE RESULTS OF A

1 BACKGROUND CHECK UNTIL THE DEPARTMENT DETERMINES WHETHER THE
2 EMPLOYEE IS QUALIFIED FOR EMPLOYMENT PURSUANT TO THIS SECTION
3 FOLLOWING THE BACKGROUND CHECK.

4 (b) THIS SUBSECTION (5) IS REPEALED, EFFECTIVE DECEMBER 31,
5 2025.

6 (6) IF A DEALER KNOWINGLY EMPLOYS A PERSON IN VIOLATION OF
7 THIS SECTION, THE DEPARTMENT SHALL:

8 (a) FOR A FIRST OFFENSE, ISSUE A WARNING TO THE DEALER THAT
9 INCLUDES A DESCRIPTION OF THE OFFENSE AND THE PENALTY FOR
10 SUBSEQUENT OFFENSES; AND

11 (b) FOR A SECOND OR SUBSEQUENT OFFENSE, REVOKE THE
12 DEALER'S STATE PERMIT. A DEALER WHO HAS HAD A STATE PERMIT
13 REVOKED PURSUANT TO THIS SUBSECTION (6)(b) MAY APPLY FOR A NEW
14 PERMIT NO SOONER THAN THREE YEARS AFTER THE REVOCATION.

15 **SECTION 5.** In Colorado Revised Statutes, 18-12-111, **add** (3)
16 as follows:

17 **18-12-111. Unlawful purchase of firearms - report to law**
18 **enforcement - penalties.** (3) (a) IF A FIREARMS DEALER WHO HOLDS A
19 STATE PERMIT TO DEAL FIREARMS PURSUANT TO SECTION 18-12-401.5
20 REASONABLY BELIEVES, KNOWS OR SHOULD KNOW, OR BECOMES AWARE
21 AFTER A TRANSFER, THAT A PERSON, INCLUDING AN EMPLOYEE,
22 PURCHASED OR ATTEMPTED TO PURCHASE A FIREARM IN VIOLATION OF
23 THIS SECTION, THE DEALER SHALL REPORT THAT INFORMATION TO A LAW
24 ENFORCEMENT AGENCY WITH JURISDICTION OVER THE DEALER'S PLACE OF
25 BUSINESS.

26 (b) FAILURE TO MAKE THE REPORT REQUIRED BY THIS SUBSECTION
27 (3) WITHIN FORTY-EIGHT HOURS AFTER THE DEALER BECOMES AWARE OF

1 AN UNLAWFUL FIREARM PURCHASE OR ATTEMPTED FIREARM PURCHASE IS
2 A VIOLATION OF STATE LAW CONCERNING THE SALE OF FIREARMS AND IS
3 SUBJECT TO THE PENALTIES DESCRIBED IN SECTION 18-12-401.5 (7).

4 **SECTION 6. Appropriation.** (1) For the 2024-25 state fiscal
5 year, \$618,973 is appropriated to the department of revenue. This
6 appropriation is from the general fund. To implement this act, the
7 department may use this appropriation as follows:

8 (a) \$469,819 for use by the specialized business group for personal
9 services related to the firearms dealers division, which amount is based
10 on an assumption that the division will require an additional 5.3 FTE;

11 (b) \$85,144 for use by the specialized business group for operating
12 expenses related to the firearms dealers division; and

13 (c) \$64,010 for the purchase of legal services.

14 (2) For the 2024-25 state fiscal year, \$64,010 is appropriated to the
15 department of law. This appropriation is from reappropriated funds
16 received from the department of revenue under subsection (1)(c) of this
17 section and is based on an assumption that the department of law will
18 require an additional 0.3 FTE. To implement this act, the department of
19 law may use this appropriation to provide legal services for the
20 department of revenue.

21 **SECTION 7. Effective date.** This act takes effect upon passage;
22 except that sections 3, 4, and 5 of this act take effect July 1, 2025.

23 **SECTION 8. Safety clause.** The general assembly finds,
24 determines, and declares that this act is necessary for the immediate
25 preservation of the public peace, health, or safety or for appropriations for
26 the support and maintenance of the departments of the state and state
27 institutions.