



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number:	LLS 24-0076	Date:	January 29, 2024
Prime Sponsors:	Sen. Sullivan Rep. Froelich	Bill Status:	Senate Business, Labor, & Tech.
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Bill Topic: FIREARMS MERCHANT CATEGORY CODE

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill establishes a policy for the payment processing of retail firearms sales, and provides for enforcement by the Attorney General. Starting in FY 2024-25, the bill minimally increases state workload.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Summary of Legislation

Starting September 1, 2024, the bill requires payment card networks to make a merchant category code for firearms available for merchant acquirers that provide services for firearms merchants. Merchant acquirers are entities that process debit, credit, or prepaid transactions.

Starting May 1, 2025, the bill requires merchant acquirers to assign the merchant category code for firearms to each firearms merchant to which they provide services. A contract containing a waiver of these requirements is void.

Enforcement. The bill gives the Attorney General the exclusive authority to enforce the policy. The Attorney General must notify any party in violation of the policy 45 days before bringing an enforcement action, and must list the specific violations in the notice. Parties have 30 days from receiving the notice to cure any violations, and must provide a written statement and supporting documentation that they have cured any violations.

Additionally, the Attorney General may file a civil action seeking a penalty of up to \$10,000 for each violation that is uncured, and an injunction or equitable relief that prevents further violations. If the Attorney General prevails in an action, courts may require violators to pay reasonable attorney fees and costs.

Background

Payment card networks are entities that provide services to route debit, credit, or prepaid transactions between bank participants, including credit card companies such as Visa and MasterCard.

State Revenue

Under the bill, a party violating the policy for retail sales of firearms may be subject to a civil penalty of up to \$10,000 for each violation. This revenue is classified as a damage award and not subject to TABOR. Given the uncertainty about the number of cases that may be pursued by the Attorney General, as well as the wide range in potential penalty amounts, the fiscal note cannot estimate the potential impact of these civil penalties.

State Expenditures

The Department of Law may experience an increase in workload to the extent violations and enforcement actions occur. The department will prioritize investigations as necessary within the available resources. Trial courts in the Judicial Department may experience an increase in workload to the extent the Attorney General files additional civil cases under the bill. It is assumed that most payment networks, merchant acquirers, and firearms merchants will follow the law. No change in appropriations is required.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Judicial

Law

Regulatory Agencies

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).