

Firearms Dealer Requirements & Permit

Concerning requirements to engage in the business of dealing in firearms, and, in connection therewith, establishing a state firearms dealer permit and making an appropriation.

SESSION:

2024 Regular Session

SUBJECT:

Crimes, Corrections, & Enforcement

BILL SUMMARY

The act requires a firearms dealer (dealer), beginning July 1, 2025, to obtain a state firearms dealer permit (state permit) in order to engage in the business of dealing in firearms other than destructive devices in Colorado. Engaging in the business of dealing in firearms other than destructive devices without a permit is an unclassified felony, punishable by a fine of up to \$250,000.

In order to be issued 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 state permit. 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. A state permit is valid for 3 years.

The department, subject to available appropriations, is required to conduct an on-site inspection of a random selection of 10% of state permit holders each year and, additionally, may conduct periodic unannounced dealer inspections.

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 obtaining a firearm for or transferring a firearm to a person who is ineligible to possess a firearm, transferring a firearm prior to receiving the results of a background check, trafficking in firearms, or unlawfully selling or transferring a firearm component or accessory.

If the department finds that a dealer failed to post a required notice, make a report about unlawful purchase, or make a required record; transferred a firearm without a locking device; or 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, issue a warning, suspend the dealer's permit, or 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 act requires a dealer and each employee of a dealer who, in the course of the employee's duties, handles or otherwise has access to firearms or processes firearm sales, loans, or transfers (position that involves handling firearms) to annually complete a training course developed or approved by the department.

The act 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;
- Report to law enforcement when the dealer knows or suspects that an employee is involved in the theft of a firearm from the dealer's business; and
- Report to law enforcement when the dealer reasonably believes, knows or should know, or becomes aware after a transfer, that the transfer was a straw purchase.

The act 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 act prohibits a dealer from employing a person in a position that involves handling firearms 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 act requires a dealer's employees to submit to a criminal history record check once every 3 years. If a dealer knowingly employs a person in violation of the act, including employing a person without conducting a required background check, the department shall, for a first offense, issue a warning and for a second offense, issue a warning, suspend the dealer's permit, or revoke the dealer's state permit.

The act appropriates \$618,973 to the department of revenue to implement the act, which includes \$64,010 that is reappropriated to the department of law for legal services.

APPROVED by Governor June 7, 2024

PORTIONS EFFECTIVE June 7, 2024

PORTIONS EFFECTIVE July 1, 2025

(Note: This summary applies to this bill as enacted.)