



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Fiscal Note

Table with 2 columns: Field (Drafting Number, Prime Sponsors, Date, Bill Status, Fiscal Analyst) and Value (LLS 24-0008, Rep. Woodrow; Jodeh Sen. Hansen, February 27, 2024, House Business & Labor, Clayton Mayfield | 303-866-5851 clayton.mayfield@coleg.gov)

Bill Topic: FIREARM LIABILITY INSURANCE REQUIREMENT

Table with 2 columns: Category (Summary of Fiscal Impact) and Options (State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, Statutory Public Entity)

The bill requires firearm owners to maintain an insurance policy that provides coverage for damages resulting from accidental discharges. Starting in FY 2024-25, the bill minimally increases state and local workload and may minimally increase state revenue.

Appropriation Summary: No appropriation is required.

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

Summary of Legislation

Starting January 1, 2025, the bill requires firearm owners to maintain an insurance policy that provides a minimum of \$100,000 in liability coverage for damages to other persons or property resulting from accidental discharges. Exceptions are provided for federal firearm licensees, and for persons that petition a court showing they were denied a policy by two or more insurers, or are indigent and unable to afford a policy. Courts must issue an order on whether a petitioner is excepted, and must consider certain information. Failure to maintain coverage is a civil infraction punishable by a fine of \$500, half of which may be suspended if coverage is obtained, or a fine of \$1,000 for a subsequent conviction within five years.

In addition to a standalone policy, the bill allows coverage to be a part of a homeowners or renters policy. Insurers are required to make coverage available, subject to certain requirements, and must provide notice to consumers about the bill's requirements starting January 1, 2026. The Division of Insurance in the Department of Regulatory Agencies (DORA) is authorized to promulgate rules regarding the bill's requirements for insurers.

Finally, the bill allows coverage to be obtained from either an insurer authorized to do business in Colorado or nonadmitted insurers.

Comparable Crime Analysis

Legislative Council Staff is required to include certain information in the fiscal note for any bill that creates a new crime, changes the classification of an existing crime, or creates a new factual basis for an existing crime. The following section outlines crimes that are comparable to the offense in this bill and discusses assumptions on future rates of criminal convictions resulting from the bill.

Prior conviction data. This bill creates the new offense of failure to maintain firearm liability insurance, a civil infraction. To form an estimate on the prevalence of this new crime, the fiscal note analyzed the existing offense of failure to securely store a firearm, a class 2 misdemeanor, as a comparable crime. From FY 2020-21 to FY 2022-23, 20 persons were convicted and sentenced for this existing offense, or about 7 per year. Of the persons convicted, 14 were male and 6 were female. Demographically, 16 were White, 3 were Black/African American, and 1 was Hispanic.

Assumptions. Based on the low yearly average convictions for the comparable crime, the availability of coverage, exceptions to requirements, and an assumption that most individuals will follow the law, this fiscal note further assumes that there will be minimal or no additional case filings or convictions for this offense under the bill. Visit leg.colorado.gov/fiscalnotes for more information about criminal justice costs in fiscal notes.

State Revenue

The bill may increase revenue to various funds in the Judicial Department from civil infraction fines allowed by the bill. Based on the assumptions outlined above, this fiscal note assumes any revenue increase will be minimal. Revenue from civil infractions is subject to TABOR.

State Expenditures

Starting in FY 2025-26, the bill increases work in DORA and the Judicial Department as described below.

Department of Regulatory Agencies. The bill increases workload for the Division of Insurance in DORA. The bill may increase the number of filings submitted to DORA by insurers offering coverage required by the bill, as well as consumer complaints received. It is assumed that most insurers currently offer policies with coverage that complies with the requirements of the bill, and any workload increase is expected to be minimal. Any additional resources needed for a greater than expected increase in filings or complaints will be sought through the annual budget process.

Judicial Department. The bill increases trial court workload in the Judicial Department. It is assumed that assessments of civil infractions will occur with cases filed in civil court due to injury or loss, which will minimally increase workload for those cases. Additionally, workload will increase to hear petitions submitted by persons unable to obtain coverage. Overall, the increase is expected to be minimal and no change in appropriations is required.

Local Government

Similar to the state, the bill minimally increases workload and costs for district attorneys to prosecute a new civil infraction. District attorney offices are funded by counties, with each county in a judicial district contributing based on its population.

Effective Date

The bill takes effect July 1, 2025.

State and Local Government Contacts

Judicial

Law

Natural Resources

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](#).