

HOUSE FLOOR AMENDMENT

Second Reading

BY REPRESENTATIVE Luck

1 Amend printed bill, page 3, strike line 18 and substitute "(1)(a), (3), and
2 (12)(a); and **repeal** (7) and (8) as follows:".

3 Page 4, strike lines 12 through 27 and substitute:

4 "~~(7) (a) Except as provided in subsection (8) of this section, if the~~
5 ~~department finds that a dealer failed to post the required notice or make~~
6 ~~a report concerning unlawful purchases in violation of section 18-12-111;~~
7 ~~failed to make a record required pursuant to section 18-12-402;~~
8 ~~transferred a firearm without a locking device or failed to post the~~
9 ~~required notice concerning locking devices, in violation of section~~
10 ~~18-12-405; failed to comply with any of the requirements of section~~
11 ~~18-12-406; failed to comply with any of the requirements of section~~
12 ~~29-11.7-105 (5); violated any other provision of this article 12 or any~~
13 ~~other state or local law concerning the sale of firearms; or violated any~~
14 ~~federal law or rule concerning the sale of firearms or firearm components~~
15 ~~for which the penalty includes potential revocation of the person's federal~~
16 ~~firearms license, the department shall:~~

17 ~~(I) For a first offense, issue a warning to the dealer that includes~~
18 ~~a description of the offense and the possible penalties for subsequent~~
19 ~~offenses; and~~

20 ~~(H) For a second or subsequent offense:~~

21 ~~(A) Issue a warning to the dealer that includes a description of the~~
22 ~~offense and the penalty for subsequent offenses;~~

23 ~~(B) Suspend the dealer's state permit for a period of time~~
24 ~~determined by the department; or~~

25 ~~(C) Revoke the dealer's state permit.~~

26 ~~(b) A dealer who has had a state permit revoked pursuant to this~~
27 ~~subsection (7) may apply for a new permit no sooner than three years after~~
28 ~~the revocation.~~

29 ~~(8) (a) Notwithstanding subsection (7) of this section, the~~
30 ~~department shall revoke a state permit if the state permit holder:~~

31 ~~(I) No longer holds a valid federal firearms license;~~

32 ~~(H) Refuses to allow the department to conduct an on-site~~
33 ~~inspection pursuant to subsection (6) of this section;~~

34 ~~(HH) Refuses to permit an officer to inspect a record as required~~
35 ~~in section 18-12-402; or~~

36 ~~(IV) Is convicted of any of the following:~~

37 ~~(A) Purchasing or otherwise obtaining a firearm on behalf of, or~~
38 ~~for transfer to, a person who is ineligible to possess a firearm pursuant to~~
39 ~~section 18-12-111 or 18 U.S.C. sec. 932;~~

40 ~~(B) Transferring a firearm prior to receiving the results of a~~

1 background check pursuant to section 18-12-112.5;
2 (C) Trafficking in firearms pursuant to 18 U.S.C. sec. 933, or
3 aiding and abetting trafficking in firearms;
4 (D) Selling or otherwise transferring a firearm to a person who is
5 ineligible to possess the firearm pursuant to state or federal law;
6 (E) Selling or otherwise transferring a firearm component or
7 accessory, as defined in section 29-11.7-101.5, to another person in
8 violation of federal, state, or local law; or
9 (F) Manufacturing, distributing, transferring, selling, or
10 purchasing a specified semiautomatic firearm in violation of section
11 18-12-116.
12 (b) (I) A person whose state permit is revoked solely because the
13 person no longer holds a valid federal firearms license, pursuant to
14 subsection (8)(a)(I) of this section, may apply for a new state permit any
15 time after the person obtains a valid federal firearms license.
16 (II) A person whose state permit is revoked pursuant to
17 subsections (8)(a)(II) to (8)(a)(IV) of this section may apply for a new
18 permit no sooner than three years after the revocation.
19 (12) (a) No later than August 1, 2026, and no later than August 1
20 of each year thereafter, the department shall submit a report to the joint
21 budget committee AND THE HOUSE OF REPRESENTATIVES JUDICIARY
22 COMMITTEE AND THE SENATE JUDICIARY COMMITTEE, OR THEIR
23 SUCCESSOR COMMITTEES, about firearm dealer permitting in the prior
24 state fiscal year. The report must include, at a minimum, the number of
25 permit applications received, granted, and denied; the number of permits
26 SUSPENDED OR revoked and the basis for the SUSPENSION OR revocation;
27 the number of dealer inspections conducted; THE NUMBER OF DEALER
28 VIOLATIONS DETERMINED AND POINTS ASSESSED BY THE DEPARTMENT
29 PURSUANT TO SECTION 18-12-401.7; the amount of fee money collected
30 and deposited into the firearm dealer permit cash fund and the amount of
31 money spent from the fund, INCLUDING SPECIFYING THE ADMINISTRATIVE
32 COSTS INCURRED BY THE DEPARTMENT ASSOCIATED WITH STATE PERMIT
33 ENFORCEMENT; and the total amounts spent on permitting costs and
34 inspection costs. The next report made following an increase in the permit
35 fee pursuant to subsection (2)(c)(I) of this section must include an
36 explanation of the fee increase. The report may include information about
37 the race, gender, and geographic location of persons who applied for a
38 permit, including whether the application was granted or denied, and
39 persons whose permits were revoked.
40 **SECTION 3.** In Colorado Revised Statutes, **add** 18-12-401.7 as
41 follows:
42 **18-12-401.7. Dealer penalties - point system - legislative**
43 **declaration - legislative intent - definitions.**

1 (1) (a) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:
2 (I) THE RIGHT TO KEEP AND BEAR ARMS IS A FUNDAMENTAL RIGHT
3 PROTECTED BY THE UNITED STATES CONSTITUTION AND THE COLORADO
4 CONSTITUTION;
5 (II) THE REGULATION OF LICENSED FIREARMS DEALERS
6 CONSTITUTES REGULATION OF COMMERCIAL CONDUCT AND MUST BE
7 NARROWLY TAILORED TO PREVENT THEFT, UNLAWFUL DIVERSION, AND
8 CRIMINAL MISUSE; AND
9 (III) ENFORCEMENT MECHANISMS MUST BE PROPORTIONATE,
10 PROVIDE CLEAR NOTICE, AND AFFORD DUE PROCESS OF LAW.
11 (b) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT PENALTIES
12 IMPOSED PURSUANT TO THIS SECTION ENCOURAGE COMPLIANCE AND NOT
13 SUPPRESS LAWFUL COMMERCE.
14 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
15 REQUIRES:
16 (a) "MINOR ADMINISTRATIVE VIOLATION" MEANS A MINOR
17 ADMINISTRATIVE VIOLATION AS DESCRIBED IN SUBSECTION (4)(a) OF THIS
18 SECTION.
19 (b) "MODERATE VIOLATION" MEANS A MODERATE VIOLATION AS
20 DESCRIBED IN SUBSECTION (5)(a) OF THIS SECTION.
21 (c) "SERIOUS VIOLATION" MEANS A SERIOUS VIOLATION AS
22 DESCRIBED IN SUBSECTION (6)(a) OF THIS SECTION.
23 (3) (a) THE DEPARTMENT SHALL ADMINISTER THE COMPLIANCE
24 SYSTEM ESTABLISHED IN THIS SECTION FOR VIOLATIONS BY DEALERS WHO
25 ARE STATE PERMIT HOLDERS.
26 (b) THE DEPARTMENT MAY ASSESS COMPLIANCE POINTS OR IMPOSE
27 A FINE PURSUANT TO THIS SECTION ONLY AFTER PROVIDING THE DEALER
28 WITH NOTICE AND AN OPPORTUNITY FOR A HEARING PURSUANT TO
29 SECTION 24-4-105.
30 (4) **Minor administrative violations.**
31 (a) A DEALER COMMITS A MINOR ADMINISTRATIVE VIOLATION IF
32 THE DEALER:
33 (I) COMMITS A CLERICAL OR RECORD-KEEPING ERROR THAT DOES
34 NOT MATERIALLY AFFECT COMPLIANCE;
35 (II) FAILS TO TIMELY POST ANY NOTICES REQUIRED IN STATE LAW;
36 OR
37 (III) COMMITS A NON-MATERIAL DOCUMENTATION VIOLATION.
38 (b) THE DEPARTMENT SHALL ASSESS ONE COMPLIANCE POINT FOR
39 A MINOR ADMINISTRATIVE VIOLATION. IF A DEALER COMMITS MULTIPLE
40 VIOLATIONS OF SUBSECTION (4)(a)(I), (4)(a)(II), OR (4)(a)(III), THE
41 MULTIPLE VIOLATIONS CONSTITUTE A SINGLE VIOLATION OF THE
42 APPLICABLE SUBSECTION.
43 (c) THE DEPARTMENT MAY ISSUE A WRITTEN WARNING AND

1 REQUIRE CORRECTIVE ACTION BUT SHALL NOT IMPOSE A CIVIL FINE FOR A
2 FIRST MINOR ADMINISTRATIVE VIOLATION.

3 **(5) Moderate violations.**

4 (a) A DEALER COMMITS A MODERATE VIOLATION IF THE DEALER:

5 (I) FAILS TO MAINTAIN THE SECURITY MEASURES REQUIRED IN
6 SECTION 18-12-406 (2);

7 (II) FAILS TO TIMELY REPORT A THEFT OR LOSS AS REQUIRED BY
8 STATE OR FEDERAL LAW;

9 (III) REPEATS A MINOR ADMINISTRATIVE VIOLATION WITHIN A
10 TWELVE-MONTH PERIOD; OR

11 (IV) REFUSES A LAWFUL REGULATORY INSPECTION CONDUCTED
12 PURSUANT TO STATE OR FEDERAL LAW.

13 (b) THE DEPARTMENT SHALL ASSESS THREE COMPLIANCE POINTS
14 FOR A MODERATE VIOLATION. IF A DEALER COMMITS MULTIPLE
15 VIOLATIONS OF SUBSECTION (5)(a)(I), (5)(a)(II), (5)(a)(III), OR (5)(a)(IV),
16 THE MULTIPLE VIOLATIONS CONSTITUTE A SINGLE VIOLATION OF THE
17 APPLICABLE SUBSECTION.

18 (c) THE DEPARTMENT MAY ASSESS A CIVIL PENALTY NOT TO
19 EXCEED TWO THOUSAND FIVE HUNDRED DOLLARS FOR A MODERATE
20 VIOLATION.

21 **(6) Serious violations.**

22 (a) A DEALER COMMITS A SERIOUS VIOLATION IF THE DEALER:

23 (I) KNOWINGLY FALSIFIES REQUIRED RECORDS;

24 (II) WILLFULLY REFUSES TO COMPLY WITH LAWFUL INSPECTION
25 AUTHORITY;

26 (III) DEMONSTRATES GROSS NEGLIGENCE RESULTING IN FIREARM
27 THEFT; OR

28 (IV) ENGAGES IN A PATTERN OF REPEATED MODERATE
29 VIOLATIONS.

30 (b) THE DEPARTMENT SHALL ASSESS SIX COMPLIANCE POINTS FOR
31 A SERIOUS VIOLATION.

32 (c) THE DEPARTMENT MAY ASSESS A CIVIL PENALTY NOT TO
33 EXCEED TEN THOUSAND DOLLARS FOR A SERIOUS VIOLATION.

34 (7) THIS SECTION DOES NOT PROHIBIT THE DEPARTMENT FROM
35 MAKING A REFERRAL TO LAW ENFORCEMENT FOR SUSPECTED CRIMINAL
36 CONDUCT. IF CRIMINAL CHARGES ARE FILED AGAINST A DEALER WHO IS
37 SUBJECT TO ADMINISTRATIVE PENALTIES, THE ADMINISTRATIVE
38 PROCEEDINGS MAY BE STAYED PENDING RESOLUTION OF THE CRIMINAL
39 CHARGES.

40 (8) (a) UPON ASSESSING COMPLIANCE POINTS FOR A VIOLATION
41 PURSUANT TO THIS SECTION, THE DEPARTMENT SHALL IMPOSE THE
42 FOLLOWING PENALTIES IF THE ASSESSMENT RESULTS IN THE FOLLOWING
43 ACCUMULATED COMPLIANCE POINT TOTAL FOR A DEALER:

1 (I) ONE TO THREE POINTS: THE DEPARTMENT SHALL ISSUE A
2 DEALER A WRITTEN WARNING OR REQUIRE THE DEALER TO SUBMIT A
3 CORRECTIVE ACTION PLAN;

4 (II) FOUR TO SIX POINTS: THE PENALTIES IN SUBSECTION (8)(a)(I)
5 OF THIS SECTION APPLY AND, IN ADDITION TO THOSE PENALTIES, THE
6 DEPARTMENT SHALL REQUIRE THE DEALER TO COMPLETE MANDATORY
7 COMPLIANCE TRAINING;

8 (III) SEVEN TO NINE POINTS: THE DEPARTMENT SHALL SUSPEND
9 THE DEALER'S PERMIT FOR UP TO THIRTY DAYS;

10 (IV) TEN TO TWELVE POINTS: THE DEPARTMENT SHALL SUSPEND
11 THE DEALER'S PERMIT FOR UP TO NINETY DAYS; AND

12 (V) THIRTEEN OR MORE POINTS: THE DEPARTMENT SHALL REVOKE
13 THE DEALER'S PERMIT.

14 (b) THE DEALER MAY REVOKE A DEALER'S PERMIT ONLY UPON
15 WRITTEN FINDINGS SUPPORTED BY CLEAR AND CONVINCING EVIDENCE
16 THAT THE DEALER COMMITTED EACH VIOLATION THAT RESULTED IN A
17 POINT ASSESSMENT THAT IS COUNTED IN THE THIRTEEN POINTS DESCRIBED
18 IN SUBSECTION (8)(a)(V) OF THIS SECTION.

19 (9) (a) PRIOR TO SUSPENDING OR REVOKING A PERMIT PURSUANT
20 TO THIS SECTION, THE DEPARTMENT SHALL:

21 (I) PROVIDE THE DEALER WRITTEN NOTICE OF THE GROUNDS FOR
22 ACTION;

23 (II) PROVIDE THE DEALER AN OPPORTUNITY FOR HEARING BEFORE
24 AN ADMINISTRATIVE LAW JUDGE; AND

25 (III) MAKE WRITTEN FINDINGS OF FACT AND CONCLUSIONS OF LAW.

26 (b) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION TO
27 THE CONTRARY, THE DEPARTMENT MAY SUMMARILY SUSPEND A DEALER'S
28 STATE PERMIT WITHOUT FOLLOWING THE PROCEDURES SET FORTH IN THIS
29 SECTION ONLY IF THE DEPARTMENT CAN DEMONSTRATE AN IMMEDIATE
30 AND ARTICULABLE THREAT TO PUBLIC SAFETY.

31 (c) A DEALER MAY SEEK JUDICIAL REVIEW PURSUANT TO SECTION
32 24-4-106 OF AN ADVERSE ACTION AGAINST A STATE PERMIT. JUDICIAL
33 REVIEW OF A SUMMARY SUSPENSION PURSUANT TO SUBSECTION (9)(b) OF
34 THIS SECTION MUST BE AVAILABLE WITHIN SEVEN DAYS AFTER THE
35 SUMMARY SUSPENSION.

36 (10) (a) EXCEPT AS DESCRIBED IN SUBSECTION (10)(b) OF THIS
37 SECTION, THE COMPLIANCE POINTS REMAIN ON A DEALER'S RECORD FOR
38 EIGHTEEN MONTHS AFTER THE DEPARTMENT'S FINAL DETERMINATION.
39 AFTER EIGHTEEN MONTHS, THE COMPLIANCE POINTS ARE REMOVED FROM
40 THE DEALER'S RECORD.

41 (b) A DEALER'S ACCUMULATED COMPLIANCE POINT TOTAL IS
42 REDUCED:

43 (I) TWO POINTS UPON THE DEALER DEMONSTRATING TO THE

1 DEPARTMENT THAT THE DEALER COMPLETED COMPLIANCE TRAINING
2 APPROVED BY THE DEPARTMENT. A DEALER'S ACCUMULATED COMPLIANCE
3 POINT TOTAL MAY BE REDUCED PURSUANT TO THIS SUBSECTION (10)(b)(I)
4 ONCE IN A TWENTY-FOUR-MONTH PERIOD.

5 (II) THREE POINTS AFTER TWENTY-FOUR CONSECUTIVE MONTHS
6 WITHOUT VIOLATION.

7 (c) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION TO
8 THE CONTRARY, THE DEPARTMENT SHALL NOT ASSESS COMPLIANCE POINTS
9 ON A DEALER'S PERMIT IF THE DEALER VOLUNTARILY SELF-REPORTS AND
10 CORRECTS A NONMATERIAL VIOLATION PRIOR TO INSPECTION.

11 (11) (a) PENALTIES IMPOSED PURSUANT TO THIS SECTION MUST BE
12 PROPORTIONATE TO THE GRAVITY OF THE VIOLATION.

13 (b) THE DEPARTMENT SHALL NOT IMPOSE PENALTIES FOR DE
14 MINIMIS VIOLATIONS ABSENT A PATTERN OF NONCOMPLIANCE.

15 (c) THE DEPARTMENT SHALL TRANSMIT ALL FINES COLLECTED
16 PURSUANT TO THIS SECTION TO THE STATE TREASURER, WHO SHALL
17 CREDIT THE MONEY TO THE FIREARM DEALER PERMIT CASH FUND CREATED
18 IN SECTION 18-12-401.5 (2)(d)."

19 Renumber succeeding sections accordingly.

20 Page 5, strike lines 1 through 17.

21 Page 9, strike lines 21 through 23 and substitute:

22 "~~(6) A violation of any provision of this section by a dealer is a~~
23 ~~violation of state law concerning the sale of firearms and is subject to the~~
24 ~~penalties described in section 18-12-401.5 (7)~~ IS A MODERATE VIOLATION
25 PURSUANT TO SECTION 18-12-401.7 (5)(a)(II)."

26 Page 10, after line 4 insert:

27 "**SECTION 8.** In Colorado Revised Statutes, 18-12-111, **amend**
28 (3)(b) as follows:

29 **18-12-111. Unlawful purchase of firearms - report to law**
30 **enforcement - unlawful attempted purchase while subject to a**
31 **voluntary waiver - penalties.**

32 (3) (b) Failure to make the report required by this subsection (3)
33 within forty-eight hours after the dealer becomes aware of an unlawful
34 firearm purchase or attempted firearm purchase ~~is a violation of state law~~
35 ~~concerning the sale of firearms and is subject to the penalties described~~
36 ~~in section 18-12-401.5 (7)~~ IS A MODERATE VIOLATION PURSUANT TO
37 SECTION 18-12-401.7 (5)(a)(II).

38 **SECTION 9.** In Colorado Revised Statutes, 29-11.7-105, **amend**
39 (5)(b) as follows:

1 **29-11.7-105. Firearm serial number check - procedure -**
2 **processing fee - penalty.**

3 (5) (b) Failure to make the report as required by this subsection (5)
4 within forty-eight hours after the dealer reasonably believes, knows or
5 should know, or becomes aware of the firearm being stolen, lost, or
6 involved in an open criminal investigation ~~is subject to the penalties~~
7 ~~described in section 18-12-401.5 (7)~~ IS A MODERATE VIOLATION
8 PURSUANT TO SECTION 18-12-401.7 (5)(a)(II).".

9 Renumber succeeding sections accordingly.

10 Page 10, line 9, strike "3" and substitute "4".

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