



Fiscal Note

Legislative Council Staff

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HB 26-1265: LAW ENFORCEMENT NATL ELEC TRACING SYS & SHARE PROGRAM

Prime Sponsors:

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Sen. Wallace

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Summary Information

Overview. The bill requires law enforcement agencies to register for the federal eTrace system, transmit certain information about recovered firearms to the system, and report certain information to the Department of Public Safety.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis starting in FY 2026-27:

- State Expenditures
- Local Government

Appropriations. For FY 2026-27, the bill requires an appropriation of \$548,973 to the Department of Public Safety.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$601,480	\$361,036
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	2.5 FTE	3.0 FTE

Fund sources for these impacts are shown in the tables below.

**Table 1A
State Expenditures**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$548,973	\$298,028
Cash Funds	\$0	\$0
Federal Funds	\$0	\$0
Centrally Appropriated	\$52,507	\$63,008
Total Expenditures	\$601,480	\$361,036
Total FTE	2.5 FTE	3.0 FTE

Summary of Legislation

The bill requires law enforcement agencies in the state to register for the eTrace system maintained by the federal Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) on or before September 1, 2026. Agencies are required to use the eTrace system when recovering or confiscating firearms in connection with a criminal investigation, seizures or forfeits of firearms in connection with domestic violence crimes, and when acquiring an abandoned or discarded firearm. Finally, agencies must also report all information provided to and received from the eTrace system to the Colorado Bureau of Investigation (CBI) in the Department of Public Safety (CDPS) as part of the CBI's Uniform Crime Reporting (UCR) program.

Background

According to [this fact sheet from the ATF](#), eTrace is a web-based application available to local, state, federal, tribal, and international law enforcement agencies. Additionally, the [U.S. Department of Justice](#) indicates that eTrace is provided for free to authorized agencies. Nearly all law enforcement agencies in the state are already enrolled in eTrace according to [this information from the Joyce Foundation](#).

State Expenditures

The bill increases state expenditures in the Department of Public Safety by about \$600,000 in FY 2026-27 and \$360,000 in FY 2027-28 and future years. These costs, paid from the General Fund, are summarized in Table 2 and discussed below. The bill also minimally affects workload other state law enforcement agencies.

**Table 2
State Expenditures
Department of Public Safety**

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$174,773	\$209,728
Operating Expenses	\$3,200	\$3,840
Capital Outlay Costs	\$21,000	\$0
Database	\$350,000	\$84,460
Centrally Appropriated Costs	\$52,507	\$63,008
Total Costs	\$601,480	\$361,036
Total FTE	2.5 FTE	3.0 FTE

Department of Public Safety

The department will have database and staff costs beginning in FY 2026-27 to implement the bill.

Database

The CDPS requires a database to contain information provided to or received by other law enforcement agencies from the eTrace system; there are at least 300 such agencies across the state, with each required to register for eTrace and use it for each firearm recovered. Existing systems are unable to accommodate the eTrace data because current systems are designed to process charge codes and types of crimes for crime reporting. The initial cost for the database is estimated at \$350,000. Ongoing maintenance costs begin in FY 2027-28, and will increase by 3 percent annually.

Staff

The CDPS requires 3.0 FTE Data Management to process eTrace data received by other law enforcement agencies and incorporate this data into the UCR program. Staff will also ensure federal data security compliance standards are met for the information provided to the CBI by over 250 law enforcement entities required to submit reports. Amounts include standard operating and capital outlay costs and are prorated for a September 1, 2026, start date.

State Law Enforcement Agencies

Workload will also minimally increase for other state law enforcement agencies to report eTrace information to the CBI. The exact impact will vary by agency and depend on the number of firearms the agency recovers. If additional appropriations are required, they will be addressed through the annual budget process.

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, indirect cost assessments, and other costs, are shown in Table 2 above.

Local Government

Similar to other state law enforcement agencies, workload will increase for local law enforcement agencies to register and use the eTrace system in their operations, and submit reporting to the CDPS. The exact impact will vary by jurisdiction and depend on the number of firearms recovered.

Effective Date

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

State Appropriations

For FY 2026-27, the bill requires a General Fund appropriation of \$548,973 to the Department of Public Safety, and 2.5 FTE.

State and Local Government Contacts

Judicial

State Law Enforcement

Public Safety

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](#).