

**Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 26-0426.01 Conrad Imel x2313

HOUSE BILL 26-1126

HOUSE SPONSORSHIP

Sirota and Woodrow,

SENATE SPONSORSHIP

Kipp,

House Committees

State, Civic, Military, & Veterans Affairs

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING REQUIREMENTS FOR DEALING FIREARMS.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Under existing law, a firearms dealer (dealer) must obtain a state permit in order to engage in the business of dealing in firearms. The bill clarifies that a state permit is required for a dealer to transfer firearms.

Under existing law, in order to be issued a state permit, a dealer must not have had a firearms dealer license or permit or a firearm possession permit revoked, suspended, or denied for good cause within 3 years before submitting a state permit application (prior license requirement) and must not have violated any state or federal law

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

concerning the possession, purchase, or sale of firearms in the 3 years before applying for the state permit (prior violation requirement). The bill clarifies that the prior license and prior violation requirements apply to an individual possessing, directly or indirectly, the power to direct or cause the direction of the management and policies of the dealer, known as a "responsible person" of the dealer. The bill makes the dealer training requirements apply to responsible persons.

The bill makes provisions related to a dealer's employees who handle firearms also apply to any individual, including an independent contractor, who performs an employee's duties, whether paid or unpaid.

The bill permits the department of revenue (department) to fine a dealer up to \$100,000 for a second or subsequent violation of certain dealer requirements.

Under existing state law, dealers are subject to record-keeping requirements involving pistols and revolvers sold, rented, or exchanged at retail. The bill makes the record-keeping requirements apply to all retail transactions involving any firearm other than destructive devices and clarifies that dealers may keep the records electronically.

The bill requires a dealer to secure large-capacity magazines in the dealer's possession. A dealer's place of business must have security features designed to prevent unauthorized entry installed on each exterior door and window of the place of business, have interior lighting that is sufficient to identify characteristics of a person on surveillance video, and be equipped with a security alarm system that includes video surveillance of each door and any area of the business in which firearms are kept. The bill requires a dealer to report the theft or loss of a firearm to the department.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 18-12-401, **amend**
3 (1); and **add** (3.5), (5.4), (5.7), and (7) as follows:

4 **18-12-401. Definitions.**

5 As used in this part 4, unless the context otherwise requires:

6 (1) "Dealer" means:

7 (a) A federally licensed firearm dealer as defined in section
8 18-12-101; and

9 (b) Any other federal firearms licensee who, within the scope of
10 the licensee's license, sells firearms at retail to the public OR TRANSFERS

1 FIREARMS TO MEMBERS OF THE PUBLIC AS PART OF A RETAIL
2 TRANSACTION, INCLUDING A SALE OR TRANSFER CONDUCTED BY THE
3 LICENSEE PURSUANT TO SECTION 18-12-112, 18-12-112.5, OR 18-12-506.

4 (3.5) (a) "EMPLOYEE" MEANS AN EMPLOYEE OF A DEALER WHO, IN
5 THE COURSE OF THE EMPLOYEE'S DUTIES, HANDLES FIREARMS; PROCESSES
6 THE SALE, LOAN, OR TRANSFER OF FIREARMS; OR OTHERWISE HAS ACCESS
7 TO FIREARMS UNDER THE DEALER'S CONTROL.

8 (b) "EMPLOYEE" INCLUDES AN INDIVIDUAL, INCLUDING AN
9 INDEPENDENT CONTRACTOR UNDER THE TERMS OF A CONTRACT WITH A
10 DEALER, WHO ENGAGES IN THE CONDUCT DESCRIBED IN SUBSECTION
11 (3.5)(a) OF THIS SECTION, WHETHER PAID OR UNPAID.

12 (5.4) "LARGE-CAPACITY MAGAZINE" HAS THE MEANING SET FORTH
13 IN SECTION 18-12-301.

14 (5.7) "RESPONSIBLE PERSON" HAS THE MEANING SET FORTH IN 27
15 CFR 478.11.

16 (7) "TRANSFER" HAS THE MEANING SET FORTH IN SECTION
17 24-33.5-424 (1)(d).

18 **SECTION 2.** In Colorado Revised Statutes, 18-12-401.5, **amend**
19 (1)(a), (3), and (7)(a)(II); and **add** (7.5) as follows:

20 **18-12-401.5. Permit required - issuing agency - cash fund -**
21 **inspections - penalty - report - rules - repeal.**

22 (1) (a) ~~Beginning July 1, 2025,~~ Every dealer must obtain a state
23 permit in order to engage in the business of dealing in firearms other than
24 destructive devices in this state OR TO TRANSFER FIREARMS OTHER THAN
25 DESTRUCTIVE DEVICES INTO OR OUT OF THIS STATE.

26 (3) In order FOR A DEALER to be issued a state permit: ~~a dealer~~
27 **must:**

1 (a) THE DEALER MUST hold a valid federal firearms license;

2 (b) THE DEALER AND EACH RESPONSIBLE PERSON OF THE DEALER
3 MUST not have had a license or permit to sell, lease, transfer, purchase, or
4 possess a firearm or ammunition from the federal government, any state,
5 or a subdivision of any state, revoked, suspended, or denied for good
6 cause within three years before submitting an application; and

7 (c) A DEALER AND EACH RESPONSIBLE PERSON OF THE DEALER
8 MUST not have been convicted for a violation of any provision of this
9 article 12; any Colorado or any other state's law concerning the
10 possession, purchase, or sale of firearms; or any federal law concerning
11 the possession or sale of firearms in the three years before submitting an
12 application for a state permit.

13 (7) (a) Except as provided in subsection (8) of this section, if the
14 department finds that a dealer failed to post the required notice or make
15 a report concerning unlawful purchases in violation of section 18-12-111;
16 failed to make a record required pursuant to section 18-12-402;
17 transferred a firearm without a locking device or failed to post the
18 required notice concerning locking devices, in violation of section
19 18-12-405; failed to comply with any of the requirements of section
20 18-12-406; failed to comply with any of the requirements of section
21 29-11.7-105 (5); violated any other provision of this article 12 or any
22 other state or local law concerning the sale of firearms; or violated any
23 federal law or rule concerning the sale of firearms or firearm components
24 for which the penalty includes potential revocation of the person's federal
25 firearms license, the department shall:

26 (II) For a second or subsequent offense:

27 (A) Issue a warning to the dealer that includes a description of the

1 offense and the penalty for subsequent offenses;

2 (B) FOR A SECOND OR SUBSEQUENT OFFENSE COMMITTED ON OR
3 AFTER JANUARY 1, 2027, IMPOSE A FINE OF UP TO ONE HUNDRED
4 THOUSAND DOLLARS IN ACCORDANCE WITH THE RULES ADOPTED
5 PURSUANT TO SUBSECTION (7.5) OF THIS SECTION;

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

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

9 (7.5) (a) THE DEPARTMENT SHALL ADOPT RULES GOVERNING THE
10 IMPOSITION OF FINES PURSUANT TO SUBSECTION (7)(a)(II)(B) OF THIS
11 SECTION. THE RULES MUST INCLUDE CATEGORIES OF VIOLATIONS BASED
12 ON THE SEVERITY OF THE OFFENSE, FINE RANGES ASSOCIATED WITH EACH
13 CATEGORY, AND AGGRAVATING AND MITIGATING FACTORS THE
14 DEPARTMENT SHALL CONSIDER WHEN DETERMINING FINE AMOUNTS.

15 (b) 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 SUBSECTION (2)(d) OF THIS SECTION.

19 **SECTION 3.** In Colorado Revised Statutes, **amend** 18-12-402 as
20 follows:

21 **18-12-402. Retail dealers - record - inspection.**

22 (1) Every ~~individual, firm, or corporation~~ DEALER engaged, within
23 this state, in ~~the~~ retail TRANSACTIONS, INCLUDING THE sale, rental, ~~or~~
24 exchange, OR TRANSFER, of firearms ~~pistols, or revolvers~~ OTHER THAN
25 DESTRUCTIVE DEVICES shall keep a record of each ~~pistol or revolver sold,~~
26 ~~rented, or exchanged at retail~~ FIREARM TRANSACTION CONDUCTED BY THE
27 DEALER, OTHER THAN TRANSACTIONS SOLELY INVOLVING DESTRUCTIVE

1 DEVICES. The record must be made at the time of the transaction in a book
2 OR ELECTRONIC RECORD kept for that purpose. ~~and~~

3 (2) THE RECORD REQUIRED IN THIS SECTION must include:

4 (a) The name of the person ~~to whom the pistol or revolver is sold~~
5 ~~or rented or with whom exchanged; his or her~~ THAT RECEIVED THE
6 FIREARM AND THE RECIPIENT'S age ~~occupation, residence, and, if residing~~
7 ~~in a city, the street and number therein where he or she resides~~ AND
8 ADDRESS;

9 (b) The make, caliber, and finish of ~~said pistol or revolver,~~
10 ~~together with its~~ THE FIREARM;

11 (c) THE FIREARM'S number and serial letter, if any;

12 (d) The date of the ~~sale, rental, or exchange of said pistol or~~
13 ~~revolver~~ TRANSACTION; and

14 (e) The name of the employee or other person ~~making such sale,~~
15 ~~rental, or exchange~~ THAT CONDUCTED THE TRANSACTION.

16 (3) The ~~record book shall be open~~ DEALER SHALL MAKE THE
17 RECORDS DESCRIBED IN THIS SECTION AVAILABLE at all times ~~to the~~ FOR
18 inspection ~~of any~~ BY A duly authorized ~~police~~ PEACE officer.

19 **SECTION 4.** In Colorado Revised Statutes, **amend** 18-12-403 as
20 follows:

21 **18-12-403. Record - failure to make - penalty.**

22 ~~Every individual, firm, or corporation~~ A DEALER who fails to keep
23 the record required pursuant to section 18-12-402 or section 18-12-111.5
24 (7)(b), or who refuses to exhibit the record when requested by a ~~police~~
25 PEACE officer, and any purchaser, lessee, or exchanger of a ~~pistol or~~
26 ~~revolver~~ FIREARM who, in connection with the making of ~~such~~ THE
27 record, gives false information, commits a class 2 misdemeanor.

1 **SECTION 5.** In Colorado Revised Statutes, 18-12-406, **amend**
2 (1)(a) introductory portion, (1)(a)(VIII), (1)(b), (1)(c), (2), and (6); and
3 **add (2.5) and (4.5) as follows:**

4 **18-12-406. Requirements for firearms dealers - training -**
5 **securing firearms - sale outside of business hours prohibited - rules**
6 **- penalty.**

7 (1) (a) The department shall develop training or approve training
8 courses provided by other entities for dealers, RESPONSIBLE PERSONS, and
9 dealers' employees. The training must be available in an online format
10 and include an examination with at least twenty questions derived from
11 the course material and intended to confirm that a course participant
12 understands the information covered in the course. The department, or
13 other trainer conducting the training, shall give a COURSE participant who
14 answers at least seventy percent of the examination questions correctly a
15 printable certificate of completion that is valid for one year after the date
16 of completion. The training must include instruction regarding the
17 following:

18 (VIII) ~~Effectively~~ Teaching consumers rules of firearm safety,
19 including the safe handling and storage of firearms; and

20 (b) A ~~dealer~~, AND EACH RESPONSIBLE PERSON OF THE DEALER
21 ~~WHO, IN THE COURSE OF THEIR DUTIES, HANDLES FIREARMS; PROCESSES~~
22 ~~THE SALE, LOAN, OR TRANSFER OF FIREARMS; OR OTHERWISE HAS ACCESS~~
23 ~~TO FIREARMS~~, shall, within thirty days after the date the permit is issued
24 and annually thereafter, complete a training course developed or approved
25 by the department pursuant to this subsection (1).

26 (c) (I) An employee of a dealer ~~who, in the course of the~~
27 ~~employee's duties, handles firearms; processes the sale, loan, or transfer~~

1 of firearms; or otherwise has access to firearms shall, within thirty days
2 after the employee's first day of work for the dealer and annually
3 thereafter, complete a training course developed or approved by the
4 department pursuant to this subsection (1). ~~An employee who, in the~~
5 ~~course of the employee's duties, handles firearms; processes the sale,~~
6 ~~loan, or transfer of firearms; or otherwise has access to firearms, who is~~
7 ~~employed by a dealer on July 1, 2025, shall complete the employee's first~~
8 ~~training course no later than thirty days after July 1, 2025.~~

9 (II) A dealer shall maintain the training records of EACH
10 RESPONSIBLE PERSON OF THE DEALER AND each employee and shall make
11 the records available to the department during an on-site inspection of the
12 dealer's place of business.

13 (2) A dealer shall not conduct business or store firearms at the
14 dealer's place of business unless:

15 (a) The dealer secures each firearm, except when the firearm is
16 being shown to a customer, repaired, or otherwise worked on, in a manner
17 that prevents unauthorized use of the firearm. Securing a firearm may
18 include keeping the firearm in a locked container, including a locked
19 display case; properly installing a locking device on the firearm; or, if the
20 firearm is a personalized firearm, activating the safety characteristics of
21 the firearm.

22 (b) THE DEALER SECURES EACH LARGE-CAPACITY MAGAZINE IN
23 THE DEALER'S POSSESSION BEHIND A COUNTER, IN AN ENCLOSED AND
24 LOCKED DISPLAY CASE, OR IN A LOCKED ROOM INACCESSIBLE TO THE
25 PUBLIC, EXCEPT WHEN THE LARGE-CAPACITY MAGAZINE IS BEING SHOWN
26 TO A CUSTOMER PERMITTED TO PURCHASE A LARGE-CAPACITY MAGAZINE
27 PURSUANT TO SECTION 18-12-302 OR IS BEING REPAIRED OR OTHERWISE

1 WORKED ON; AND

2 (c) BEGINNING OCTOBER 1, 2027, THE DEALER HAS IMPLEMENTED
3 SECURITY MEASURES IN COMPLIANCE WITH THE DEPARTMENT'S RULES
4 ADOPTED PURSUANT TO SUBSECTION (2.5)(a) OF THIS SECTION AND AS SET
5 FORTH IN THE DEALER'S COMPREHENSIVE SECURITY PLAN SUBMITTED TO
6 THE DEPARTMENT PURSUANT TO SUBSECTION (2.5)(b) OF THIS SECTION.

7 (2.5) (a) ON OR BEFORE JANUARY 1, 2027, THE DEPARTMENT
8 SHALL ADOPT RULES REQUIRING SECURITY MEASURES FOR A DEALER'S
9 PLACE OF BUSINESS TO PROTECT PERSONNEL, CUSTOMERS, FIREARMS, AND
10 AMMUNITION, AND TO PREVENT UNAUTHORIZED ENTRY. THE DEPARTMENT
11 MAY CONSIDER, AND SET DIFFERENT STANDARDS BASED ON, THE
12 CHARACTERISTICS OF A PLACE OF BUSINESS.

13 (b) A DEALER SHALL SUBMIT A COMPREHENSIVE SECURITY PLAN
14 TO THE DEPARTMENT THAT DEMONSTRATES THE SECURITY MEASURES
15 THAT THE DEALER WILL IMPLEMENT TO COMPLY WITH THE RULES ADOPTED
16 PURSUANT TO THIS SUBSECTION (2.5). THE DEPARTMENT MAY PROVIDE
17 FEEDBACK TO A DEALER ON A SUBMITTED PLAN. IF A DEALER UPDATES ITS
18 PLAN AT ANY TIME, THE DEALER SHALL SUBMIT THE UPDATED PLAN TO THE
19 DEPARTMENT.

20
21 (4.5) A DEALER SHALL REPORT THE THEFT OR LOSS OF A FIREARM
22 FROM THE DEALER'S INVENTORY TO THE DEPARTMENT WITHIN
23 FORTY-EIGHT HOURS AFTER LEARNING OF THE THEFT OR LOSS.

24 (6) A violation of any provision of this section ~~by a dealer~~ is a
25 violation of state law concerning the sale of firearms and is subject to the
26 penalties described in section 18-12-401.5 (7).

27 **SECTION 6.** In Colorado Revised Statutes, 18-12-407, **amend**

1 (1) introductory portion as follows:

2 **18-12-407. Dealer employee requirements - background check**
3 **- penalty.**

4 (1) A dealer shall not employ OR CONTRACT WITH a person who,
5 in the course of the person's duties AS AN EMPLOYEE OR CONTRACTOR,
6 handles firearms; processes the sale, loan, or transfer of firearms; or
7 otherwise has access to firearms, AND who:

8 **SECTION 7. Applicability.** (1) Section 18-12-401.5 (3),
9 Colorado Revised Statutes, as amended in section 2 of this act, applies to
10 applications submitted on or after the effective date of this act.

11 (2) Section 18-12-402, Colorado Revised Statutes, as amended in
12 section 3 of this act, applies to transactions conducted on or after the
13 effective date of this act.

14 **SECTION 8. Safety clause.** The general assembly finds,
15 determines, and declares that this act is necessary for the immediate
16 preservation of the public peace, health, or safety or for appropriations for
17 the support and maintenance of the departments of the state and state
18 institutions.