

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

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 26-0426.01 Conrad Imel x2313

HOUSE BILL 26-1126

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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.

HOUSE
3rd Reading Unamended
March 20, 2026

HOUSE
Amended 2nd Reading
March 19, 2026

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 (c) "EMPLOYEE" DOES NOT INCLUDE AN INDIVIDUAL WHO DOES
13 NOT HAVE AUTHORITY TO UNLOCK THE DEALER'S FIREARM STORAGE
14 ROOMS, CONTAINERS, CASES, OR OTHER DEVICES USED TO SECURE THE
15 DEALER'S FIREARMS IN A MANNER THAT PREVENTS UNAUTHORIZED USE OF
16 THE FIREARMS.

17 (5.4) "LARGE-CAPACITY MAGAZINE" HAS THE MEANING SET FORTH
18 IN SECTION 18-12-301.

19 (5.7) "RESPONSIBLE PERSON" HAS THE MEANING SET FORTH IN 27
20 CFR 478.11.

21 (7) "TRANSFER" HAS THE MEANING SET FORTH IN SECTION
22 24-33.5-424 (1)(d).

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

25 **18-12-401.5. Permit required - issuing agency - cash fund -**
26 **inspections - penalty - report - rules - repeal.**

27 (1) (a) ~~Beginning July 1, 2025,~~ Every dealer must obtain a state

1 permit in order to engage in the business of dealing in firearms other than
2 destructive devices in this state OR TO TRANSFER FIREARMS OTHER THAN
3 DESTRUCTIVE DEVICES INTO OR OUT OF THIS STATE.

4 (3) In order FOR A DEALER to be issued a state permit: ~~a dealer~~
5 ~~must:~~

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

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

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

18 (7) (a) Except as provided in subsection (8) of this section, if the
19 department finds that a dealer failed to post the required notice or make
20 a report concerning unlawful purchases in violation of section 18-12-111;
21 failed to make a record required pursuant to section 18-12-402;
22 transferred a firearm without a locking device or failed to post the
23 required notice concerning locking devices, in violation of section
24 18-12-405; failed to comply with any of the requirements of section
25 18-12-406; failed to comply with any of the requirements of section
26 29-11.7-105 (5); violated any other provision of this article 12 or any
27 other state or local law concerning the sale of firearms; or violated any

1 federal law or rule concerning the sale of firearms or firearm components
2 for which the penalty includes potential revocation of the person's federal
3 firearms license, the department shall:

4 (II) For a second or subsequent offense:

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

7 (B) FOR A SECOND OR SUBSEQUENT OFFENSE COMMITTED ON OR
8 AFTER JANUARY 1, 2027, IMPOSE A FINE OF UP TO SEVENTY-FIVE
9 THOUSAND DOLLARS IN ACCORDANCE WITH THE RULES ADOPTED
10 PURSUANT TO SUBSECTION (7.5) OF THIS SECTION;

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

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

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

20 (b) THE DEPARTMENT SHALL TRANSMIT ALL FINES COLLECTED
21 PURSUANT TO THIS SECTION TO THE STATE TREASURER, WHO SHALL
22 CREDIT THE MONEY TO THE FIREARM DEALER PERMIT CASH FUND CREATED
23 IN SUBSECTION (2)(d) OF THIS SECTION.

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

26 **18-12-402. Retail dealers - record - inspection.**

27 (1) Every individual, firm, or corporation DEALER engaged, within

1 this state, in ~~the~~ retail TRANSACTIONS, INCLUDING THE sale, rental, or
2 exchange, OR TRANSFER, of firearms ~~pistols, or revolvers~~ OTHER THAN
3 DESTRUCTIVE DEVICES shall keep a record of each ~~pistol or revolver sold,~~
4 ~~rented, or exchanged at retail~~ FIREARM TRANSACTION CONDUCTED BY THE
5 DEALER, OTHER THAN TRANSACTIONS SOLELY INVOLVING DESTRUCTIVE
6 DEVICES. The record must be made at the time of the transaction in a book
7 OR ELECTRONIC RECORD kept for that purpose. ~~and~~

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

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

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

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

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

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

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

24 (4) THE DEPARTMENT AND ANY OTHER STATE AGENCY SHALL NOT
25 USE THE INFORMATION OBTAINED FROM DEALER RECORDS TO CREATE OR
26 MAINTAIN A REGISTRY IDENTIFYING FIREARM OWNERSHIP.

27 **SECTION 4.** In Colorado Revised Statutes, **amend** 18-12-403 as

1 follows:

2 **18-12-403. Record - failure to make - penalty.**

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

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

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

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

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

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

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

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

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

23 (a) The dealer secures each firearm, except when the firearm is
24 being shown to a customer, repaired, or otherwise worked on, in a manner
25 that prevents unauthorized use of the firearm. Securing a firearm may
26 include keeping the firearm in a locked container, including a locked
27 display case; properly installing a locking device on the firearm; or, if the

1 firearm is a personalized firearm, activating the safety characteristics of
2 the firearm.

3 (b) THE DEALER SECURES EACH LARGE-CAPACITY MAGAZINE IN
4 THE DEALER'S POSSESSION BEHIND A COUNTER, IN AN ENCLOSED AND
5 LOCKED DISPLAY CASE, OR IN A LOCKED ROOM INACCESSIBLE TO THE
6 PUBLIC, EXCEPT WHEN THE LARGE-CAPACITY MAGAZINE IS BEING SHOWN
7 TO A CUSTOMER PERMITTED TO PURCHASE A LARGE-CAPACITY MAGAZINE
8 PURSUANT TO SECTION 18-12-302 OR IS BEING REPAIRED OR OTHERWISE
9 WORKED ON; AND

10 (c) BEGINNING OCTOBER 1, 2027, THE DEALER HAS IMPLEMENTED
11 SECURITY MEASURES IN COMPLIANCE WITH THE DEPARTMENT'S RULES
12 ADOPTED PURSUANT TO SUBSECTION (2.5)(a) OF THIS SECTION AND AS SET
13 FORTH IN THE DEALER'S COMPREHENSIVE SECURITY PLAN SUBMITTED TO
14 THE DEPARTMENT PURSUANT TO SUBSECTION (2.5)(b) OF THIS SECTION.

15 (2.5) (a) ON OR BEFORE JANUARY 1, 2027, THE DEPARTMENT
16 SHALL ADOPT RULES REQUIRING SECURITY MEASURES FOR A DEALER'S
17 PLACE OF BUSINESS TO PROTECT PERSONNEL, CUSTOMERS, FIREARMS, AND
18 AMMUNITION, AND TO PREVENT UNAUTHORIZED ENTRY. THE DEPARTMENT
19 MAY CONSIDER, AND SET DIFFERENT STANDARDS BASED ON, THE
20 CHARACTERISTICS OF A PLACE OF BUSINESS.

21 (b) A DEALER SHALL SUBMIT A COMPREHENSIVE SECURITY PLAN
22 TO THE DEPARTMENT THAT DEMONSTRATES THE SECURITY MEASURES
23 THAT THE DEALER WILL IMPLEMENT TO COMPLY WITH THE RULES ADOPTED
24 PURSUANT TO THIS SUBSECTION (2.5). THE DEPARTMENT MAY PROVIDE
25 FEEDBACK TO A DEALER ON A SUBMITTED PLAN. IF A DEALER UPDATES ITS
26 PLAN AT ANY TIME, THE DEALER SHALL SUBMIT THE UPDATED PLAN TO THE
27 DEPARTMENT.

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

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

SECTION 6. In Colorado Revised Statutes, 18-12-407, **amend** (1) introductory portion as follows:

18-12-407. Dealer employee requirements - background check - penalty.

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

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

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

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