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An Act

HOUSE BILL 26-1126

BY REPRESENTATIVE(S) Sirota and Woodrow, Bacon, Boesenecker, Brown, Camacho, Espenoza, Froelich, Garcia, Gilchrist, Joseph, Lindsay, McCormick, Nguyen, Rutinel, Smith, Stewart R., Story, Willford, Zokaie; also SENATOR(S) Kipp, Amabile, Benavidez, Cutter, Danielson, Daugherty, Gonzales J., Jodeh, Kolker, Lindstedt, Sullivan, Wallace, Weissman, Coleman.

CONCERNING REQUIREMENTS FOR DEALING FIREARMS.

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

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

18-12-401. Definitions.

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

(1) "Dealer" means:

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

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

(b) Any other federal firearms licensee who, within the scope of the licensee's license, sells firearms at retail to the public OR TRANSFERS FIREARMS TO MEMBERS OF THE PUBLIC AS PART OF A RETAIL TRANSACTION, INCLUDING A SALE OR TRANSFER CONDUCTED BY THE LICENSEE PURSUANT TO SECTION 18-12-112, 18-12-112.5, OR 18-12-506.

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

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

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

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

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

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

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

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

(1) (a) ~~Beginning July 1, 2025,~~ Every dealer must obtain a state permit in order to engage in the business of dealing in firearms other than

destructive devices in this state OR TO TRANSFER FIREARMS OTHER THAN DESTRUCTIVE DEVICES INTO OR OUT OF THIS STATE.

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

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

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

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

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

(II) For a second or subsequent offense:

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

(B) FOR A SECOND OR SUBSEQUENT OFFENSE COMMITTED ON OR AFTER JANUARY 1, 2027, IMPOSE A FINE OF UP TO SEVENTY-FIVE THOUSAND

DOLLARS IN ACCORDANCE WITH THE RULES ADOPTED PURSUANT TO SUBSECTION (7.5) OF THIS SECTION;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) (a) The department shall develop training or approve training

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

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

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

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

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

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

(a) The dealer secures each firearm, except when the firearm is

being shown to a customer, repaired, or otherwise worked on, in a manner that prevents unauthorized use of the firearm. Securing a firearm may include keeping the firearm in a locked container, including a locked display case; properly installing a locking device on the firearm; or, if the firearm is a personalized firearm, activating the safety characteristics of the firearm.

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

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

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

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

(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.

Julie McCluskie
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

James Rashad Coleman, Sr.
PRESIDENT OF
THE SENATE

Vanessa Reilly
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

Esther van Mourik
SECRETARY OF
THE SENATE

APPROVED _____
(Date and Time)

Jared S. Polis
GOVERNOR OF THE STATE OF COLORADO