



Fiscal Note

Legislative Council Staff

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SB 25-158: STATE AGENCY PROCUREMENT & DISPOSAL CERTAIN ITEMS

Prime Sponsors:

Sen. Sullivan; Gonzales J.
Rep. Froelich; Brown

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Fiscal note status: The fiscal note reflects the introduced bill. This analysis is preliminary and will be updated following further review and any additional information received.

Summary Information

Overview. The bill updates procurement requirements for firearms and related materials, and establishes procedures for state agencies to dispose of firearms.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- Local Government

Appropriations. For FY 2025-26, the bill requires appropriations totaling \$409,257 to multiple state agencies.

**Table 1
State Fiscal Impacts**

| Type of Impact ¹ | Budget Year FY 2025-26 | Out Year FY 2026-27 |
|-----------------------------|---------------------------|------------------------|
| State Revenue | \$0 | \$0 |
| State Expenditures | \$441,087 | \$427,915 |
| Transferred Funds | \$0 | \$0 |
| Change in TABOR Refunds | \$0 | \$0 |
| Change in State FTE | 1.7 FTE | 1.9 FTE |

¹ Fund sources for these impacts are shown in the tables below.

**Table 1A
State Expenditures**

| Fund Source | Budget Year FY 2025-26 | Out Year FY 2026-27 |
|---------------------------|-----------------------------------|--------------------------------|
| General Fund | \$283,793 | \$273,855 |
| Cash Funds | \$125,734 | \$119,064 |
| Federal Funds | \$0 | \$0 |
| Centrally Appropriated | \$31,560 | \$34,996 |
| Total Expenditures | \$441,087 | \$427,915 |
| Total FTE | 1.7 FTE | 1.9 FTE |

Summary of Legislation

The bill updates procurement requirements for firearms and related materials, and establishes procedures for state agencies to dispose of firearms.

Firearms Procurement

When a state entity solicits a contract for the procurement of firearms, ammunition, or firearms accessories, the bill requires the contractor to be licensed. The contractor must also provide documentation on:

- trace requests it has received from the U.S. Bureau of Alcohol, Tobacco, Firearms, and Explosives;
- any theft or loss from the contractor's premises;
- the most recent inspection report from the U.S. Bureau of Alcohol, Tobacco, Firearms, and Explosives;
- any violations discovered from any recent federal agency inspections and any corrective actions the contractor has taken; and
- any policies the contractor has to prevent, detect, and screen for illegal sales or thefts, and assistance with law enforcement agencies.

Contractors bidding on state solicitations must affirm that they will not sell unserialized gun build kits or firearm precursor parts through the duration of the contract.

Firearms Disposal

The bill requires law enforcement agencies to destroy and dispose of firearms that are retired, damaged, declared surplus by the agency, acquired in a buyback program, voluntarily surrendered, or otherwise in the agency's possession but not in use, subject to an investigation, or evidence in a criminal case. Each law enforcement agency must develop a firearms destruction policy by September 5, 2025, and post the policy on its website. The firearms destruction policy does not apply to stolen firearms, which must be returned to their owner unless the owner does not respond to a notice that the firearm was recovered in a reasonable timeframe.

Background and Assumptions

Firearms have typical life cycles of five to ten years. When a law enforcement agency updates its armory, it often trades in its used firearms for a credit against its purchase. While the trade-in value varies with the type of firearm, it can result in about a 25 percent savings. The bill's requirement to destroy retired or damaged firearms prevents agencies from trading them in for credits against future purposes.

The Department of Public Safety (CDPS) operates the state government's only gun crusher. The fiscal note assumes that other agencies will coordinate with CDPS to dispose of their retired or damaged firearms as necessary, with minimal additional cost to the state.

State Expenditures

The bill increases state expenditures by about \$440,000 in FY 2025-26 and \$430,000 in FY 2026-27. These costs will be incurred in the Department of Public Safety, the Department of Natural Resources, and the Department of Corrections, as shown in Tables 2 through 2B and described in the sections below. Costs are paid from various funds, as described below.

Table 2
State Expenditures
All Departments

| Department | Budget Year FY 2025-26 | Out Year FY 2026-27 |
|---------------------------------|-----------------------------------|--------------------------------|
| Department of Public Safety | \$160,789 | \$154,789 |
| Department of Natural Resources | \$143,553 | \$135,371 |
| Department of Corrections | \$135,745 | \$135,745 |
| Total Costs | \$441,087 | \$426,403 |

Department of Public Safety

The bill increases workload in the department to develop and enforce procurement and destruction policies, and the department will incur additional expenses to procure firearms and equipment. CDPS houses both the Colorado State Patrol and the Colorado Bureau of Investigation.

Staff

The department requires 1.0 FTE beginning in FY 2025-26 to develop procurement and destruction policies, maintain an inventory of firearms, and other administrative tasks associated with implementing the bill. Standard operating costs and capital outlay are included. Costs are prorated in the first year for the bill's effective date.

Firearms and Equipment

The Colorado State Patrol and the Colorado Bureau of Investigation replace different types of firearms on a regular schedule, consistent with industry standards. While these costs are estimated at about \$100,000 in FY 2025-26 and \$85,000 in FY 2026-27, costs will increase significantly in years when many firearms are replaced. For example, both pistols and rifles are scheduled for replacement in FY 2033-34, and the estimated annual cost to cover lost trade-in credits on firearms purchases that year is \$1.1 million.

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

| Cost Component | Budget Year FY 2025-26 | Out Year FY 2026-27 |
|------------------------------|-----------------------------------|--------------------------------|
| Personal Services | \$40,904 | \$51,130 |
| Operating Expenses | \$1,024 | \$1,280 |
| Capital Outlay Costs | \$6,670 | \$0 |
| Firearms and Equipment | \$98,450 | \$84,700 |
| Centrally Appropriated Costs | \$13,741 | \$17,177 |
| Total Costs | \$160,789 | \$154,287 |
| Total FTE | 0.8 FTE | 1.0 FTE |

Department of Natural Resources

The department employs about 390 law enforcement officers who regularly carry firearms. It requires additional staff for procurement policy and will incur additional costs to procure firearms and equipment. The fiscal note assumes this expenditure will not drive a fee revenue increase.

Staff

The department requires 0.9 FTE beginning in FY 2025-26 to develop procurement and destruction policies, train other staff on the policies' requirements, maintain an inventory of firearms, and transport firearms for destruction and disposal. Standard operating costs, mileage costs, and capital outlay are included. A higher workload in the first year is offset by the bill's effective date.

Firearms and Equipment

The department's estimated annual cost to cover lost trade-in credits on firearms purchases is \$45,017 per year.

Table 2B
State Expenditures
Department of Natural Resources

| Cost Component | Budget Year FY 2025-26 | Out Year FY 2026-27 |
|------------------------------|-----------------------------------|--------------------------------|
| Personal Services | \$71,383 | \$71,383 |
| Operating Expenses | \$2,664 | \$2,664 |
| Capital Outlay Costs | \$6,670 | \$0 |
| Firearms and Equipment | \$45,017 | \$45,017 |
| Centrally Appropriated Costs | \$17,819 | \$17,819 |
| Total Costs | \$143,553 | \$136,883 |
| Total FTE | 0.9 FTE | 0.9 FTE |

Department of Corrections

The department's estimated annual cost to cover lost trade-in credits on firearms purchases is \$136,745 per year. Any workload impact is assumed to be minimal.

Other State Agencies

Other state agencies employing law enforcement personnel include the departments of Human Services, Law, and Revenue, and institutions of higher education. The fiscal note has not yet determined expenditure and workload impacts for these agencies.

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 include employee insurance and supplemental employee retirement payments, are shown in the expenditure tables above.

Local Government

Similar to state agencies, the bill increases expenditures for local government law enforcement agencies to develop and administer procurement and destruction policies, and it increases the cost of procuring firearms and equipment through the loss of trade-in credits.

Technical Note

The new procurement requirements put additional burdens on licensed firearms dealers that fulfill law enforcement agency contracts. This may affect which vendors respond to solicitations, and could impact the price, types of equipment, or timeline available to law enforcement agencies.

The bill's effective date and the September 5 deadline in the bill gives law enforcement agencies about one month to adopt policies consistent with the bill's requirements. This timeline may not be feasible for some agencies, delaying the bill's implementation.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, except the procurement requirements take effect January 1, 2026.

State Appropriations

For FY 2025-26, the bill requires the following General Fund appropriations:

- \$147,048 to the Department of Public Safety, and 0.8 FTE; and
- \$136,745 to the Department of Corrections.

For FY 2025-26, the bill requires the following cash fund appropriations to the Department of Natural Resources, and 0.9 FTE:

- \$81,727 from the Wildlife Cash Fund; and
- \$44,007 from the Parks and Outdoor Recreation Cash Fund.

State and Local Government Contacts

Corrections
Human Services
Law
Military Affairs
Municipalities

Natural Resources
Personnel and Administration
Public Safety
Sheriffs