

Financial and Implementation Analysis of SB25-003

Colorado Federal Firearms Licensee Association (CFFLA)

For Presentation to Finance Committee - 14 March 2025

EXECUTIVE SUMMARY

This analysis examines the financial and administrative impacts of SB25-003 based on actual transaction data from Colorado FFLs. Our findings indicate that the bill's fiscal note **significantly underestimates** the administrative burden and implementation costs by failing to account for:

1. The actual volume of affected transactions (over 82,000 firearms annually)
2. Seasonal fluctuations in demand that will overwhelm processing capacity
3. Start-up implementation costs coinciding with peak purchasing season
4. Imprudent diversion of Wildlife Cash Fund dollars
5. Questionable TABOR exemption mechanisms

We respectfully request the Finance Committee to reject this bill on fiscal grounds or, at minimum, require a revised fiscal note that accurately reflects implementation realities.

TRANSACTION VOLUME ANALYSIS

The fiscal note's projection of 50,000 annual applications substantially underestimates market realities:

Metric	Fiscal Note	CFFLA Estimate	Variance
<u>Total CBI Background Checks (2024)</u>	<u>Not Addressed</u>	<u>343,873</u>	<u>N/A</u>
<u>Approved Background Checks (est.)</u>	<u>Not Addressed</u>	<u>328,055</u> <u>(95.4%)</u>	<u>N/A</u>
<u>Total Firearms Transferred/Sold (est.)</u>	<u>Not Addressed</u>	<u>385,465</u>	<u>N/A</u>
<u>Firearms Affected by SB25-003 (est.)</u>	<u>Not Addressed</u>	<u>96,366 (25%)</u>	<u>N/A</u>
<u>Individual Buyers Affected Annually</u>	<u>50,000</u>	<u>82,014</u>	<u>+64%</u>
<u>Monthly Applications (average)</u>	<u>4,167</u>	<u>6,834</u>	<u>+64%</u>
<u>Peak Season Monthly Applications</u>	<u>Not Addressed</u>	<u>9,568</u>	<u>N/A</u>

This data was derived by analyzing sales patterns at one Colorado FFL that processed background checks in 2024, representing approximately 1.2% of statewide checks. Of these transactions, 25% involved firearms that would be prohibited under SB25-003. **The impact is much greater than this specific case.**

This discrepancy alone creates a **\$1.6+ million annual revenue shortfall** and significantly underestimates staffing requirements.

FISCAL NOTE DISCREPANCIES

The current fiscal note contains several critical financial flaws:

1. **Staffing Shortfall:** The 18.5 FTE allocated between agencies is wholly inadequate to process 82,000+ annual applications. Comparable processes require approximately 1 FTE per 2,500 applications, suggesting a minimum requirement of 33 FTE.
2. **Processing Capacity Mismatch:** The anticipated application volume exceeds processing capacity by 64%, creating immediate backlogs upon implementation.
3. **System Development Timeline:** The September 1, 2025 implementation provides insufficient time to develop requisite verification systems across multiple agencies. Comparable inter-agency verification systems typically require 12-18 months of development and testing.

4. **County-Level Impact:** The fiscal note fails to adequately quantify costs to county sheriff departments, which would bear substantial unfunded implementation costs. Notably, the majority of Colorado sheriffs have publicly opposed this bill, citing specifically these unfunded mandates and implementation concerns.

SEASONAL IMPACT CONCERNS

Firearm purchases follow established seasonal patterns that will create severe implementation challenges:

- **Peak Season (April-October):** 70% of annual firearm purchases occur during these months
- **Implementation Date:** September 1, 2025 falls at the beginning of peak season
- **Processing Surge:** Implementing agencies will face an immediate backlog of 27,000+ applications in just the final four months of 2025

This concentration of applications will overwhelm processing capacity precisely when the system is newest and most vulnerable to technical issues.

WILDLIFE CASH FUND DIVERSION

The bill's funding mechanism raises significant fiscal concerns:

1. **Statutory Purpose Violation:** The Wildlife Cash Fund is statutorily restricted to wildlife management and conservation purposes. Diverting \$1.25 million to implement firearms regulations represents a clear departure from its intended purpose.
2. **Repayment Uncertainty:** While Amendment L.052 creates a repayment mechanism by 2030, there is no contingency if the program fails to generate anticipated revenue.
3. **Program Sustainability:** The bill's fee structure creates an initial funding gap that threatens program sustainability and may require additional General Fund appropriations in future years.
4. **CPW Opposition:** Colorado Parks and Wildlife representatives have testified before committees that they are unprepared to handle this volume within the proposed timeframe and have expressed concerns about diverting wildlife conservation funds to implement firearm regulations outside their core mission.

TABOR IMPLICATIONS

The bill employs several mechanisms that appear designed to circumvent TABOR limitations:

1. **Enterprise Status Exploitation:** By routing funds through CPW's enterprise status, the bill shields new regulatory fees from TABOR limitations.
2. **Explicit Exemption Language:** Amendment L.051 directly exempts "money credited to the firearms training and safety course cash fund... from any restriction on spending, revenue, or appropriations, including... restrictions of section 20 of article X of the state constitution."
3. **Increased Refund Obligations:** Despite these maneuvers, the fiscal note acknowledges \$2.12 million in additional TABOR refund obligations, exacerbating the state's existing budget constraints.

IMPLEMENTATION TIMELINE CONCERNS

The proposed implementation schedule is financially imprudent:

1. **System Development Compressed:** The bill provides approximately 6 months for system development across multiple agencies, despite industry standards suggesting 12-18 months for comparable systems.
2. **Training Burden:** Sheriff departments and CPW staff would require substantial training immediately before the peak application season.
3. **Verification System Testing:** Insufficient time exists to test the verification system connecting CPW, CBI, and sheriff departments before going live.

CURRENT PROCESSING CAPACITY CONSTRAINTS

Existing permit processing systems are already at capacity:

- **Sheriff Department Backlogs:** Multiple counties currently have multi-month backlogs for concealed carry permit processing
- **El Paso County:** Currently booking concealed carry permit appointments beyond September 2025
- **Sheriff Opposition:** The majority of Colorado sheriffs oppose this bill, citing both implementation costs and constitutional concerns
- **CPW Testimony:** Agency representatives have testified they lack the infrastructure, expertise, and resources to implement this program within the proposed timeframe

SUPPORTING DATA

Additional factual data available upon request:

- County-by-county analysis of current permit processing times
- Survey data from Colorado FFLs on transaction volumes by firearm type
- Detailed seasonal purchase pattern analysis for 2022-2024
- Comparable multi-agency implementation timelines from similar programs
- Administrative cost comparisons from states with similar permit requirements

CONCLUSION

The fiscal impact of SB25-003 is significantly understated. Based on actual sales data and documented processing constraints, implementation would require substantially more resources than currently allocated, creating an unfunded mandate on sheriffs' departments and implementation delays that effectively suspend constitutional rights.

The unified opposition from both county sheriffs and Colorado Parks and Wildlife—the very agencies tasked with implementation—underscores the fiscal impracticality of this bill as currently structured. Sheriffs have additionally raised significant constitutional concerns about the bill's restrictions on lawfully owned firearms.

We respectfully request the Finance Committee to reject this bill on fiscal grounds or, at minimum, require a revised fiscal note that accurately reflects implementation realities.

Sources: Colorado Bureau of Investigation background check statistics (2024), CFFLA member transaction data (aggregated, 2024), Fiscal Note SB25-003 (Third Revised, March 3, 2025), Sheriff Department survey (March 2025), CPW committee testimony transcripts