



## Fiscal Note

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HB 25-1055: REPEAL FIREARM DEALER REQS. & STATE PERMIT

#### Prime Sponsors:

Rep. Brooks

#### Fiscal Analyst:

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**Fiscal note status:** The fiscal note reflects the introduced bill.

### Summary Information

**Overview.** The bill repeals state firearm dealer permit requirements enacted by House Bill 24-1353.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis starting in FY 2025-26:

- State Revenue
- State Expenditures
- TABOR Refunds

**Appropriations.** For FY 2025-26, the bill requires appropriation reductions totaling \$2.6 million to multiple state agencies; see State Appropriations section.

**Table 1**  
**State Fiscal Impacts**

Type of Impact <sup>1</sup>	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	-\$888,650	\$0
State Expenditures	-\$3,092,778	-\$2,852,020
Transferred Funds	\$0	\$0
Change in TABOR Refunds	-\$813,275	\$0
Change in State FTE	-25.1 FTE	-23.9 FTE

<sup>1</sup> Fund sources for these impacts are shown in the tables below.

**Table 1A  
State Revenue**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	\$0	\$0
Cash Funds	-\$888,650	\$0
<b>Total Revenue</b>	<b>-\$888,650</b>	<b>\$0</b>

**Table 1B  
State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	-\$2,135,353	-\$2,135,353
Cash Funds	-\$426,175	-\$208,000
Federal Funds	\$0	\$0
Centrally Appropriated	-\$531,250	-\$508,667
<b>Total Expenditures</b>	<b>-\$3,092,778</b>	<b>-\$2,852,020</b>
<b>Total FTE</b>	<b>-25.1 FTE</b>	<b>-23.9 FTE</b>

## Summary of Legislation

The bill repeals state firearm dealer permit requirements enacted by [House Bill 24-1353](#). Under that bill, firearm dealers are required to obtain a state firearm dealer permit from the Department of Revenue (DOR) starting July 1, 2025. The DOR is required to promulgate initial rules for the permitting program by February 1, 2025.

## State Revenue

The bill decreases state cash fund revenue by about \$889,000 in FY 2025-26 to the Firearm Dealer Permit Cash Fund in the DOR and the Colorado Bureau of Investigation (CBI) Identification Unit Cash Fund in the Department of Public Safety (CDPS). The revenue decrease is from permit fees paid by dealers and background check fees required by House Bill 24-1353, which will no longer be required if this bill becomes law. These impacts are shown in Table 2 and discussed in more detail below.

**Table 2**  
**Fee Impact on Firearm Dealers and Employees**  
**FY 2025-26**

Type of Fee	Estimated Fee	Number Affected	Total Fee Impact
Dealer—Permit Fee	\$400.00	1,560	-\$624,000
Employee—CBI Background Check	\$39.50	6,700	-\$264,650
<b>Total Fee Revenue</b>			<b>-\$888,650</b>

### Fee Impact on Firearm Dealers

The bill repeals the fee for firearm dealer permits, which House Bill 24-1353 initially set at \$400. Permits are required starting July 1, 2025, so a revenue decrease of \$624,000 is estimated for FY 2025-26.

### Fee Impact on Firearm Dealer Employees

Under House Bill 24-1353, starting July 1, 2025, firearm dealer employees must submit to a background check as part of employment. By repealing this requirement, the bill reduces state cash fund revenue from fingerprint-based criminal history background checks to the CBI Identification Unit Cash Fund in the CDPS by \$264,650 in FY 2025-26. The current fee for background checks is \$39.50, which includes \$11.25 for a Federal Bureau of Investigation (FBI) fingerprint-based check, which is passed on to that federal agency. The federal portion of this fee is excluded from the state TABOR limit, meaning \$189,275 of this total is subject to TABOR.

### State Expenditures

The bill decreases state expenditures by about \$3.1 million in FY 2025-26 and about \$2.9 million in FY 2026-27 and beyond. These decreases occur in the Department of Revenue and the Department of Public Safety as shown in Tables 3 through 3B and described in the sections below. Costs are paid from the General Fund, the Firearm Dealer Permit Cash Fund, and the CBI Identification Unit Cash Fund.

**Table 3**  
**State Expenditures**  
**All Departments**

Department	Budget Year FY 2025-26	Out Year FY 2026-27
Department of Revenue	-\$2,852,020	-\$2,852,020
Department of Public Safety	-\$240,758	\$0
<b>Total Costs</b>	<b>-\$3,092,778</b>	<b>-\$2,852,020</b>

## Department of Revenue

The DOR will no longer have to administer a state firearm dealer permit program. This reduces expenditures as shown in Table 3A. Expenditures from the State Firearm Dealer Permit Cash Fund are reduced by \$208,000, with the remaining reductions coming from the General Fund. Amounts are based on the DOR's FY 2025-26 budget request, which includes annualizations of prior year legislation.

**Table 3A**  
**State Expenditures**  
**Department of Revenue**

<b>Cost Component</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Personal Services	-\$2,008,131	-\$2,008,131
Operating Expenses	-\$239,936	-\$239,936
Legal Services	-\$38,406	-\$38,406
Vehicle Lease Payments	-\$56,880	-\$56,880
Centrally Appropriated Costs	-\$508,667	-\$508,667
<b>Total Costs</b>	<b>-\$2,852,020</b>	<b>-\$2,852,020</b>
<b>Total FTE</b>	<b>-23.9 FTE</b>	<b>-23.9 FTE</b>

## Department of Public Safety

The CDPS will no longer be required to process background checks for firearm dealer employees. This reduces expenditures as shown in Table 3B. Expenditures are reduced from the CBI Identification Unit Cash Fund. Amounts are based on the CDPS's FY 2025-26 budget request, which includes annualizations of prior year legislation.

**Table 3B**  
**State Expenditures**  
**Department of Public Safety**

<b>Cost Component</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Personal Services	-\$71,222	\$0
Operating Expenses	-\$146,953	\$0
Centrally Appropriated Costs	-\$22,583	\$0
<b>Total Costs</b>	<b>-\$240,758</b>	<b>\$0</b>
<b>Total FTE</b>	<b>-1.2 FTE</b>	<b>0.0 FTE</b>

## 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.

## TABOR Refunds

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The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. Because TABOR refunds are paid from the General Fund, decreased cash fund revenue will increase the amount of General Fund available to spend or save.

## Effective Date

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The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## State Appropriations

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For FY 2025-26, the bill requires \$2.6 million of appropriation reductions including:

- a reduction of \$2,135,353 from the General Fund to the Department of Revenue, and 23.7 FTE. Of this amount, a reduced reappropriation of \$38,406 to the Department of Law, with an additional 0.2 FTE, is required;
- a reduction of \$208,000 from the State Firearm Dealer Permit Cash Fund to the Department of Revenue; and
- a reduction of \$218,175 from the CBI Identification Unit Cash Fund to the Department of Public Safety, and 1.2 FTE.

## State and Local Government Contacts

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Corrections

Public Safety

District Attorneys

Revenue

Judicial

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).