

**STATE AND LOCAL
FISCAL IMPACT**

Drafting Number: LLS 14-0543
Prime Sponsor(s): Sen. Brophy
 Rep. Wright

Date: February 5, 2014
Bill Status: Senate SVMA
Fiscal Analyst: Hillary Smith (303-866-3277)

SHORT TITLE: REPEAL FIREARMS PURCHASES IN CONTIGUOUS STATES

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue General Fund Cash Funds	Potential Change — See State Revenue Section.	
State Expenditures Cash Funds	Potential Change — See State Expenditures Section.	
FTE Position Change		
Appropriation Required: None.		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

This bill repeals Article 27 of Title 12 of the Colorado Revised Statutes, which concerns the purchase of firearms in contiguous states. Generally, the law authorizes residents of Colorado to purchase rifles and shotguns in other states so long as those states are contiguous to Colorado (sharing a border), and it authorizes residents of states contiguous to Colorado to purchase rifles and shotguns in Colorado. The law places certain restrictions on such sales, such as requiring that the purchases comply with the laws of both the state of residence and the state of purchase, and that the purchases comply with federal law concerning firearms sales.

Background

Federal law permits licensed firearms dealers to transfer rifles and shotguns to out-of-state residents, as long as the transactions are face-to-face and are not done knowingly in violation of the conditions of sale in both states.

Under current state law, a licensed Colorado firearms dealer, importer, manufacturer, or collector is allowed to sell or deliver a rifle or shotgun to a resident of a state contiguous to Colorado, subject to the following conditions:

- the purchaser's state of residence must permit the sale or delivery;
- the sale must fully comply with the legal conditions of sale in both of the states; and
- the purchaser and licensed firearms dealer must have complied with all of the requirements of the federal Gun Control Act of 1968.

In addition, a Colorado resident is allowed to purchase or receive delivery of a rifle or a shotgun in a state contiguous to Colorado, subject to the following conditions:

- the sale must fully comply with the legal conditions of sale in both of the states; and
- the purchaser and the licensed firearms dealer, importer, manufacturer, or collector must comply with all of the requirements of the federal Gun Control Act of 1968.

A resident of Colorado or a resident of a contiguous state who purchases a rifle or shotgun in Colorado is subject to Colorado's instant criminal background check system, whereas a resident of a noncontiguous state who seeks to purchase a rifle or shotgun in Colorado must arrange for the licensed firearm dealer to deliver the firearm to his or her state of residence. The individual would then purchase the firearm within his or her state of residence and be subject to that state's background check requirements.

State Revenue

The bill has the potential to both increase and decrease General Fund and cash fund revenue, but this fiscal note estimates that any change will be minimal.

Instant Criminal Background Check Cash Fund. It is not clear if state revenue to the Instant Criminal Background Check Cash Fund will change as a result of this bill. Currently, individuals who purchase or receive firearms in Colorado pay a \$10 fee to the Colorado Bureau of Investigation (CBI) within the Department of Public Safety to pay for the cost of an instant criminal background check. The bill may result in an increase in background checks run in Colorado for out-of-state residents who were previously unable to purchase rifles or shotguns within the state. However, the bill may also result in a decrease in background checks run in Colorado for residents who are now able to buy rifles or shotguns in other states. This fiscal note does not estimate a net change in revenue, but assumes that any change will be minimal.

General Fund. To the extent that the number of rifles or shotguns purchased within Colorado changes as a result of the bill, state sales tax revenue will also change. However, the Department of Revenue is not able to isolate the proportion of state sales tax that comes from sales of rifles and shotguns, and it is not clear what the net effect of the bill will be on sales of such firearms within Colorado. The potential change in sales tax is assumed to be minimal, and has not been estimated.

State Expenditures

It is not clear if state expenditures will change as a result of this bill because of the bill's uncertain impact on the number of instant criminal background checks run by the CBI. This fiscal note assumes that the net change in the number of background checks required will be minimal, and no adjustments in appropriations for any state agency are necessary.

Local Government Impact

If the number of rifles or shotguns purchased in Colorado changes as a result of the bill, local revenue from sales taxes will also change. However, the net change in local revenue is assumed to be minimal, and has not been estimated.

Effective Date

The bill takes effect August 6, 2014, if the General Assembly adjourns on May 7, 2014, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Counties
Law
Public Safety

District Attorneys
Local Affairs
Revenue

Judicial
Municipalities
Sheriffs