

CALIFORNIA DEPARTMENT OF JUSTICE
TITLE 11. LAW
DIVISION 5. FIREARMS REGULATIONS
CHAPTER 3. CERTIFICATES OF ELIGIBILITY and CHAPTER 11. FIREARM
PRECURSOR PARTS
ECONOMIC AND FISCAL IMPACT STATEMENT (STD 399) ATTACHMENT

ECONOMIC IMPACT STATEMENT

A. Estimated Private Sector Cost Impacts:

Total Number of Business Impacted: 50

The Department estimates that it will receive approximately 50 applications for firearm precursor part vendor licenses each year. Currently, firearm precursor part vendors are not tracked. In the absence of information regarding the number of persons, corporations, or other business enterprises that may pursue licensure to sell firearm precursor parts, the Department has developed an initial estimate of the number of firearm precursor part vendors seeking licensure through a comparison with the types of businesses authorized to sell ammunition.

According to the Department's records, as of October 21, 2021, there were 1,661 licensed firearms dealers and 158 licensed ammunition vendors in California (these numbers change daily as new licenses are approved and old licenses expire).

However, firearm precursor parts are not directly analogous to ammunition, and the Department anticipates there will be fewer separately-licensed firearm precursor part vendors than separately-licensed ammunition vendors due to the nature of the good being sold. All firearms, by definition, utilize ammunition, making it a complimentary good. In fiscal year 2020-21, there were 1,257,687 total firearm transactions and 1,979,845 ammunition transactions. Despite their unique threat to health and safety, firearm precursor parts are a relatively unconventional method for a person to possess a firearm, and the Department anticipates firearm precursor part sales in the first year subsequent to implementation of these regulations will fall in a range of between 20,000 and 50,000 transactions. Comparing the number of ammunition transactions (~2,000,000) with the estimated number of firearm precursor part sales (20,000-50,000), the Department has reason to believe that there will be much fewer licensed firearm precursor part vendors than there are licensed ammunition vendors.

B. Estimated Costs:

The proposed regulations impose an application and renewal fee of \$101. The Department estimates that 50 vendors will apply for or renew a firearm precursor part vendor license each year. The total cost to affected businesses would be \$5,050 (\$101 * 50) per year.

FISCAL IMPACT STATEMENT

B. Fiscal Effect on State Government

As an initial estimate, the Department anticipates there will be approximately 50 firearm precursor part vendor licenses in the first year subsequent to implementation. The Department will be able to revise this estimate when it has actual totals of firearm precursor part vendor license applications.

The Department estimates that it will take a Staff Services Analyst approximately 85 hours per year to perform the workload associated with firearm precursor part vendor licenses (applications and renewals). Including salary, benefits, and annual standard complement, a Staff Services Analyst costs the Department \$59.64 per hour. Therefore, the total cost of the licensure program is projected to be \$5,069 ($85 * 59.64$). Each firearm precursor part vendor seeking an initial or renewal license would pay a fee of \$101 ($\$5,069 / 50$) to reimburse the Department for the reasonable costs of administering the license program.