

**CALIFORNIA DEPARTMENT OF JUSTICE**  
**TITLE 11. LAW**  
**DIVISION 5. FIREARMS REGULATIONS**  
**CHAPTER 2. CENTRALIZED LIST OF FIREARMS DEALERS**  
**INITIAL STATEMENT OF REASONS**

**PROBLEM STATEMENT**

Under existing law, a California firearm dealer or licensee means a person who has a valid federal firearms license, has a valid seller's permit issued by the California Department of Tax and Fee Administration (CDTFA), has a valid certificate of registration issued pursuant to Revenue and Taxation Code section 36036, has a Certificate of Eligibility issued by the Department of Justice (Department), has a license granted by a duly constituted licensing authority of any city, county, or city and county, and is among those recorded in the Centralized List of Licensed Firearm Dealers kept by the Department. Existing law regulates dealers and provides that a license is subject to forfeiture for a breach of specified prohibitions.

Pursuant to Penal Code section 26800, the Department may impose a civil fine not exceeding \$1,000 for a violation of any state law, and a civil fine not exceeding \$3,000 for a violation of those prohibitions or requirements that subjects the license to forfeiture under subdivision (a) when (1) the dealer has received written notification from the Department regarding the violation and fails to take corrective action, or (2) the dealer knowingly or with gross negligence violated the prohibition or requirement. The fines would be required to be deposited into the Dealers' Record of Sale Special Account, to be available, upon appropriation, for expenditure by the Department to offset the reasonable costs of specified firearms-related regulatory and enforcement activities.

Prior to July 1, 2022, the Department did not have the authority to issue a civil fine to a dealer for statutory violations found during an inspection, and thus dealers face few repercussions for failing to correct violations in a timely manner. A dealer's failure to correct a violation can be a direct threat to public safety. These regulations are being promulgated to incentivize dealers to correct statutory violations when they are found during an inspection. By assessing a civil fine for violations, dealers will be more likely to correct violations and stay in compliance with firearms laws and regulations.

Additionally, the Department proposes re-organizing Title 11, Division 5, Chapter 2 of the California Code of Regulations (CCR).

**BENEFITS ANTICIPATED FROM REGULATION ACTION**

These proposed regulations would allow the Department to enforce the provisions, prohibitions, and requirements set forth in Penal Code section 26800. These regulations will specify all

aspects regarding the process for imposing civil fines on firearm dealers – including definitions, Department inspections, the imposition and collection of fines, appeals process, and the various considerations that determine the severity of a violation. These regulations will help to motivate increased compliance from firearm dealers and promote efficiency within the Department. Additionally, having well-regulated firearm dealers directly helps to protect California’s health and welfare. Ensuring that firearms are being sold and transferred safely and legally in California is essential to protecting the public from the potential dangers of firearms.

Additionally, the proposed re-organization of Title 11, Division 5, Chapter 2 of the California Code of Regulations (CCR) will result in reserve space for future firearm dealer regulations and make it easier for members of the public to search for and find regulations specific to firearm dealers.

## **PURPOSE AND NECESSITY**

### **Chapter 2. California Firearm Dealers.**

Changes without regulatory effect. The title of Chapter 2 is amended to “California Firearm Dealers.” This proposed change better describes the subject of the chapter.

#### **Article 1. General.**

Changes without regulatory effect. The title of Article 1 is amended to “General.” This proposed change better describes the subject of the article.

#### **§ 4016. Title and Scope.**

Existing section 4016 provides the title and scope for Chapter 2. This section is being deleted because it is unnecessary.

#### **§ 4010. Definition of Key Terms.**

Changes without regulatory effect. The section is re-numbered to “4010.” Subdivisions are renumbered. Authority and reference citations are amended.

**Subdivision (a)** establishes that “business premises,” “licensed premises,” “licensee’s business premises,” or “licensee’s place of business” means the physical address of the dealership reported pursuant to section 4011. These definitions are necessary because these terms are used throughout the proposed regulations and provide clarity to the regulations.

Changes without regulatory effect. In **subdivision (b)**, “DOJ” is amended to “Department.”

Existing **subdivision (b)** is deleted because the term “contact person” is no longer used in the regulations.

Existing **subdivision (c)** is deleted because the term “DOJ representative” is no longer used in the regulations.

**Subdivision (c)** establishes “Department,” as the Department of Justice. This definition is necessary to establish “Department” as a commonly used term in the proposed regulations. Shortening the title of the Department simplifies the regulation text, making it easier to read, and is consistent with other regulations in Title 11, Division 5 of the CCR.

**Subdivision (d)** establishes that a “Department Representative” means a representative of the Department who provides training and inspects firearm dealers, ammunition vendors, gun show vendors, firearms and ammunition manufacturers, and exempted Federal Firearms Licensees to ensure compliance with California laws and regulations. This definition is necessary because “Department Representative” is used throughout the proposed regulations.

Changes without regulatory effect. In **subdivision (e)**, “firearms” is amended to “firearm” and “of Firearms Dealers” is deleted for consistency of terms.

Changes without regulatory effect. In **subdivision (f)**, “firearms” is amended to “firearm” for consistency of terms. “The Bureau of Alcohol, Tobacco, and Firearms” is amended to “The Bureau of Alcohol, Tobacco, Firearms and Explosives” to accurately reflect the name of the Bureau.

Changes without regulatory effect. In **subdivision (g)**, “DOJ representative” is amended to “Department Representative” for consistency of terms.

## **Article 2: Centralized List of Firearm Dealers.**

Changes without regulatory effect. The title of Article 2 is amended to “Centralized List of Firearm Dealers.” This proposed change better describes the subject of the article.

### **§ 4011. Applicant Information.**

Changes without regulatory effect. This section is re-numbered to “4011.”

## **§ 4012. Fees.**

**Subdivision (c)** specifies that the Department will add any unpaid and uncontested fines imposed pursuant to section 4016 to the \$20 subsequent annual fee that a dealer pays to renew their active status on the Centralized List. This proposed regulation is necessary to establish procedures for unpaid and uncontested fines civil fines. This proposed regulation is necessary to notify firearm dealers of how unpaid and uncontested civil fines will be collected.

## **§ 4013. Term of Centralized List Placement.**

Changes without regulatory effect. This section is re-numbered to “4013.” In **subdivision (b)**, section 4018 is amended to “4011,” and “subdivision” is inserted before “(b)(6).”

In **subdivision (b)**, 30 days is amended to 31 days to properly account for the number of calendar days in January when expiring federal, state, and local licenses, permits, or certifications are expected to be renewed. This proposed regulation amendment is necessary to correct the deadline when renewals are due.

## **Article 3. Inspections, Violations and Fines.**

Changes without regulatory effect. The title of Article 3 is amended to “Inspections, Violations and Fines.” This proposed change better describes the subject of the article.

## **§ 4014. Firearm Dealer Inspections.**

Changes without regulatory effect. The section is re-numbered to “4014.” Title is amended. “DOJ” is amended to “Department.” “DOJ representative” is amended to “Department Representative.” “Firearms” is amended to “firearm.” Subdivisions are renumbered. Authority and reference citations are amended.

Section 4014 describes the inspection process of California firearm dealers.

**Subdivision (a)** specifies that the Department may conduct inspections at a dealer's business premises to determine compliance with firearms laws. Existing references to certain sections of the Penal Code are deleted because Penal Code section 26720, subdivision (a), allows the Department to inspect dealers to ensure compliance with any applicable state law. This proposed regulation is necessary to explain the process of inspections.

**Subdivision (b)** specifies that after the initial inspection the Department may impose corrective action on the dealer. This proposed regulation is necessary to authorize the Department to ensure

compliance with firearms laws and regulations. Subdivision (b) also specifies that the Department may conduct follow-up inspections to confirm the dealer has complied with the corrective action. This language is being carried over from existing section 4023 (renumbered to 4015). Follow-up inspections are necessary to ensure compliance with applicable laws and regulations and to establish that corrective action was taken, if necessary.

**Subdivision (c)** specifies that the Department shall generally conduct inspections during the dealer's regular business hours. This would allow for a higher likelihood that the business will be open. Subdivision (c) further specifies that if the Department needs to ensure immediate compliance to protect public health and safety, an inspection may take place at any time. The Department must be able to inspect at any other time if it has information that the public's health or safety may be at risk. Information may include a tip (anonymous or otherwise) regarding illegal activity and/or a report of violations of statutory or regulatory requirements. This proposed regulation is necessary to protect public health and safety.

The existing regulations define "contact person" as a person authorized to act on behalf of a firearm dealer. In **subdivision (d)**, this term has been replaced with "dealer's agent or employee" to clarify who the Department Representative interacts with during an inspection.

#### **§ 4015. Notification of Preliminary Inspection Findings.**

Changes without regulatory effect. The section is re-numbered to "4015." Title is amended. Authority and reference citations are amended.

**Subdivision (a)** specifies that inspections may be conducted at the dealer's business premises, or at gun shows. The preliminary findings of an inspection shall be recorded on the Notification of Inspection Findings (BOF 08-022), which is a form developed by the Department to state inspection findings in various settings. This proposed regulation is necessary to clarify that preliminary inspection findings will be recorded on this form, and to ensure appropriate record keeping within the Department.

Existing **subdivision (b)** is deleted. New subdivision (b) requires the dealer or dealer's agent or employee to sign the form to acknowledge receipt. A signature is necessary to prove that the Form BOF 08-022 was delivered. This proposed regulation also specifies methods for delivery of the completed BOF 08-022 to the dealer or dealer's agent detailed in the related subsections. In all three situations, a copy is provided at the end of the inspection so that corrective action may be immediately undertaken. This proposed regulation is necessary to ensure the dealer receives the completed BOF 08-022 after an inspection and to ensure appropriate record keeping within the Department.

**Subsection (1)** specifies that if the dealer is present, the Notification of Inspection Findings shall be delivered to the dealer personally after the inspection is complete. Personal delivery ensures the dealer receives the completed BOF 08-022 after an inspection.

**Subsection (2)** specifies that if the dealer is not present, the Notification of Inspection Findings shall be personally delivered to the dealer's agent or employee. The Department shall also mail a copy to the dealer's mailing address. This proposed regulation is necessary to ensure the dealer receives the completed BOF 08-022 after an inspection.

**Subsection (3)** specifies that if the dealer or the dealer's agent or employee will not sign Form BOF 08-022, the Department Representative shall make note of that on the form and leave a copy of the form with the dealer or the dealer's agent or employee, with a copy mailed to the dealer's mailing address. This proposed regulation is necessary to ensure the dealer receives the completed BOF 08-022 after an inspection.

#### **§ 4016. Citations and Civil Fines.**

**Subdivision (a)** specifies that if violations were found during an inspection the Department shall subsequently issue a citation containing the information in subsections (1) through (5).

**Subsection (1)** requires the citation to contain each statute and regulation that has been violated. This proposed regulation is necessary to notify firearm dealers of the inspection findings.

**Subsection (2)** requires the level of each violation to be included in the citation. Section 4017 provides more information about the levels of violations and corresponding consequences. This proposed regulation is necessary to notify firearm dealers of the severity of the inspection findings.

**Subsection (3)** requires the citation to include a summary and description of each violation, stating the manner in which the dealer failed to comply with a specified statute or regulation, and, if applicable, the particular place or area of the facility in which the violation occurred. This proposed regulation is necessary to notify firearm dealers of the inspection findings.

**Subsection (4)** requires the citation to include the corrective action to be taken for each violation (if applicable), and the date by which each violation must be corrected. The proposed regulation is necessary to notify firearm dealers of what corrective action is required. The date of correction will not be more than 30 days after the date of the citation unless the Department concludes that the violation cannot reasonably be corrected within 30 days. In determining a date by which violations may be corrected the Department must consider the potential hazard to the public of

the violation remaining uncorrected and a reasonable time frame for a dealer to correct the violation.

The Department has determined that 30 calendar days is a reasonable maximum timeframe for dealers to correct most violations. This proposed regulation is necessary to protect public health and safety, establish the date for correcting a violation, and explain how the Department determines whether a correction can be completed within 30 days.

**Subsection (5)** requires the citation to include any civil fine that is being imposed pursuant to subdivision (c). This proposed regulation is necessary to notify firearm dealers of the inspection findings and any corresponding civil fines.

**Subdivision (b)** requires both the citation and the Firearm Dealer Appeals Form (Form BOF 1112) to be sent via certified mail to the dealer's mailing address. This is necessary to notify a dealer that a civil fine has been assessed against them and provide information about appealing the fine. Using certified mail allows the Department to verify it has been received.

**Subdivision (c)** specifies the amount of each civil fine for each violation level pursuant to section 4017. Pursuant to Penal Code section 26800, the Department may generally impose a civil fine not exceeding \$1,000 for a violation of any state law. This proposed regulation is necessary to establish that civil fine amounts are based upon the violation level, and to create clear fine assessment procedures.

**Subsection (1)** specifies that a dealer shall be assessed a civil fine of one-hundred dollars (\$100) for each Level 1 violation. The Department has determined that \$100 is an appropriate fine amount for Level 1 violations based on the lesser severity of the violation, which are easily corrected and/or pose a minimal risk to public health and safety. Additionally, the Department finds that a \$100 fine for Level 1 violations will support the costs associated with regulatory and enforcement efforts regarding firearm dealer inspections. This proposed regulation is necessary to provide notice to dealers that a civil fine of one-hundred dollars (\$100) will be assessed for Level 1 violations.

**Subsection (2)** specifies that a dealer shall be assessed a civil fine of five-hundred dollars (\$500) for each Level 2 violation. The Department has determined that \$500 is an appropriate fine amount for Level 2 violations based on the moderate severity of the violation, which can also be easily corrected and/or poses a moderate risk to public health and safety. Additionally, the Department finds that a \$500 fine for Level 2 violations will support the costs associated with regulatory and enforcement efforts regarding firearm dealer inspections. This proposed regulation is necessary to provide notice to dealers that a civil fine of five-hundred dollars (\$500) will be assessed for Level 2 violations.

**Subsection (3)** specifies that a dealer shall be assessed a civil fine of one-thousand dollars (\$1,000) for each Level 3 violation. The Department has determined that \$1,000 is an appropriate fine amount for Level 3 violations based on the seriousness in severity of the violation, which poses a serious risk to public health and safety. Additionally, the Department finds that a \$1,000 fine for Level 3 violations will support the costs associated with regulatory and enforcement efforts regarding firearm dealer inspections. This proposed regulation is necessary to provide notice to dealers that a civil fine of one-thousand dollars (\$1,000) will be assessed for Level 3 violations.

**Subsection (4)** specifies that a dealer shall be assessed a civil fine of one-thousand dollars (\$1,000) for each Level 4 violation. The Department has determined that \$1,000 is an appropriate fine amount for Level 4 violations based on the egregiousness and extreme severity of the violation, which poses an extremely high risk to public health and safety. Additionally, the Department finds that a \$1,000 fine for Level 4 violations will support the costs associated with regulatory and enforcement efforts regarding firearm dealer inspections. This proposed regulation is necessary to provide notice to dealers that a civil fine of one-thousand dollars (\$1,000) will be assessed for Level 4 violations.

**Subdivision (d)** specifies that the payment date shall be 30 calendar days from the date of issuance of the citation, which is needed to further clarify the payment date to the dealer. This proposed regulation is necessary to clarify that the payment date shall be 30 calendar days from the date of issuance of the citation, and to create clear and standard inspection procedures.

**Subdivision (e)** specifies that Level 1 and 2 violations that are corrected by the compliance date are not subject to a civil fine. This proposed regulation is necessary to create clear and standard procedures for the Department and firearm dealers, and to promote the protection of public health and safety by immediately remedying these less severe violations. Eliminating the civil fine for lower level violations that are corrected encourages dealers to correct violations timely.

**Subdivision (f)** specifies that the civil fine for Level 3 and 4 violations that subject the dealer's license to forfeiture shall be increased to three-thousand dollars (\$3,000) if the dealer fails to take corrective action by the compliance date or the Department determines that the dealer knowingly or with gross negligence violated the law. Pursuant to Penal Code section 26800, the Department may impose a civil fine not exceeding \$3,000 for a violation that subjects the license to forfeiture for either of the following: (1) The licensee has received written notification from the department regarding the violation and subsequently failed to take corrective action in a timely manner; or (2) The licensee is otherwise determined by the Department to have knowingly or with gross negligence violated the prohibition or requirement. The Department has determined that the maximum \$3,000 fine is appropriate for Level 3 and 4 violations meeting this statutory criteria which is based on the egregiousness and extreme severity of the violation, which poses an



extremely high risk to public health and safety. Additionally, the Department finds that a \$3,000 fine for Level 3 and 4 violations will support the costs associated with regulatory and enforcement efforts regarding firearm dealer inspections. This proposed regulation is necessary to provide notice to dealers that a civil fine of three-thousand dollars (\$3,000) will be assessed for Level 3 and 4 violations when the statutory criteria is met.

#### **§ 4017. Violation Level.**

Section 4017 describes the four levels of violations, which are categorized based on the level of severity.

**Subdivision (a)** specifies that violations shall be classified as Level 1, 2, 3 or 4 according to the BOF 1050, which is incorporated by reference. BOF 1050 contains four classifications for violations. The four violation levels were determined based on the following risks to public health and safety: (Level 1) minimal/minor risk, (Level 2) moderate risk, (Level 3) serious risk, and (Level 4) extreme/egregious risk. This proposed regulation is necessary to promote transparent guidance to the dealer on the severity of the violations. This regulation is necessary to ensure the protection of public health and safety.

BOF 1050 defines Level 1 violations. Level 1 violations are lesser in severity, require an “easy” fix and/or pose a minimal risk to public health and safety, and include the following examples of violations: (1) Fee amounts not being posted (Penal Code section 26875) and (2) Governmental fees are stated incorrectly (Penal Code section 26880). This proposed regulation is necessary to provide clarity to dealers, be consistent with practices for inspections, and provide notice of what violations are classified as Level 1.

BOF 1050 defines Level 2 violations. Level 2 violations are moderate in severity and risk to public health and safety, and include the following examples of violations: (1) Signage requirements (Penal Code section 26835) and (2) Firearms acquisition record is not submitted to the Department (Penal Code section 26905). This proposed regulation is necessary to provide clarity to dealers, be consistent with practices for inspections, and provide notice of what violations are classified as Level 2.

BOF 1050 defines Level 3 violations. Level 3 violations pose a serious risk to public health and safety, and include the following examples of violations: (1) Missing or invalid Certificate of Eligibility for each employee (Penal Code section 26915), (2) Security/safety requirements (Penal Code section 26890) and (3) Missing or invalid proof of residency documentation for handgun transactions (Penal Code section 26845). This proposed regulation is necessary to provide clarity to dealers, be consistent with practices for inspections, and provide notice of what violations are classified as Level 3.

BOF 1050 defines Level 4 violations. Level 4 violations are the most egregious and pose a severe risk to public health and safety and include the following example of violations: (1) Firearms inventory not at licensed location (Penal Code section 26885). This proposed regulation is necessary to provide clarity to dealers, be consistent with practices for inspections, and provide notice of what violations are classified as Level 4.

**Subdivision (b)** specifies the Department process and factors in decision-making when a violation is not found in BOF 1050. While BOF 1050 was designed to capture all existing violations that may be discovered during an inspection, it is possible that future legislative action will create new violations. The Department anticipates regularly updating BOF 1050 but it recognizes that there may be a time lapse after legislation creates a new violation and that new violation's addition to BOF 1050.

**Subdivision (b)** specifies that when classifying a violation that is not on BOF 1050 the Department must consider all relevant facts including: (1) The nature and gravity of the violation; (2) Actual or potential harm to the public, including the probability and severity of risk that the violation presents to public safety; (3) Good faith efforts exercised by the dealer to prevent the violation from occurring; (4) Evidence that the violation was a part of a pattern or practice; and (5) The dealer's history of compliance with statutes and regulations. Once the Department has considered all relevant factors it will classify the violation as a Level 1, 2, 3, or 4. This regulation is necessary to promote clear and transparent guidance to the dealer about the classification of violations that are not included in BOF 1050. This regulation is necessary to promote consistency in the Department's assessment of violations and ensure the protection of public health and safety.

#### **§ 4018. Requests to Extend Compliance Date.**

Section 4018 allows a firearm dealer to request to extend a compliance date to complete a corrective action ordered by the Department. **Subdivision (a)** specifies that a dealer may request to extend the compliance date to complete a corrective action before the existing compliance deadline. In the request to extend the dealer must include a statement of facts and supporting evidence demonstrating good cause exists for an extension. If good cause has been shown by the dealer the Department may extend the compliance date. This proposed regulation is necessary to ensure the dealer has an opportunity to extend a compliance date for a corrective action, establish a time frame for the Department to respond to a dealer's request, and to explain how the Department evaluates requests for extensions.

Demonstrating good cause is specified in subsections (1) and (2). This proposed regulation is necessary to protect public health and safety, to set clear standards for firearm dealers regarding

extensions for corrective action, and to explain how the Department evaluates requests for extensions.

**Subsection (1)** specifies one of the two types of evidence that a dealer may submit to demonstrate good cause. A dealer may show good cause through a statement of facts and supporting documentation that the dealer exercised reasonable diligence but was unable to correct the violation by the compliance date because of conditions beyond their control. For example, a dealer may have placed an order for security equipment, and the equipment has not yet arrived. This proposed regulation is necessary to inform dealers of the requirements to receive an extension of a compliance date to complete a corrective action. This regulation is necessary to promote clear and transparent guidance to the dealer and ensure the protection of public health and safety.

**Subsection (2)** specifies one of the two types of evidence that a dealer may submit to demonstrate good cause. A dealer may show good cause through a statement of facts and evidence that the dealer is unable to correct the violation by the compliance date because of personal circumstances beyond their control, such as hospitalizations or emergency family matters. This proposed regulation is necessary to inform dealers of the requirements to receive an extension of a compliance date to complete a corrective action. This regulation is necessary to promote clear and transparent guidance to the dealer and ensure the protection of public health and safety.

**Subdivision (b)** requires the Department to notify the dealer whether the request has been approved no later than five business days after receiving the request for extension. If a request for an extension of time is approved, the Department will determine a new compliance date and inform the dealer. When determining the compliance date, the Department shall consider the seriousness of the violation, including risk of public harm, and the reasonable time necessary for corrections while accounting for the dealer's unique circumstances. This regulation is necessary to promote clear and transparent guidance to the dealer and ensure the protection of public health and safety.

#### **§ 4019. Payment and Collection.**

Section 4019 describes the process by which a firearm dealer must pay a civil fine.

**Subdivision (a)** requires payments to be made via check or money order paid to the order of the Department of Justice. The Department is unable to accept electronic payments at this time. Payment by check or money order is common and creates a record of payment (unlike cash). Subdivision (a) further provides the address for the Department to ensure payments are delivered to the correct program.

## **§ 4020. Appeals.**

Section 4020 describes the process by which a firearm dealer may appeal a civil fine.

**Subdivision (a)** requires a dealer to appeal a civil fine no later than 30 calendar days after the date of the assessment indicated on the citation. The proposed regulation is necessary to make the appeals process clear to dealers. The Department determined that 30 days is a reasonable deadline for a dealer to submit an appeal. It will allow the dealers time to gather any supporting evidence, but also ensure that the underlying facts will be fresh in both parties' memories.

As explained in section 4016, Level 1 and 2 violations that are corrected by the compliance date are not subject to a civil fine. Therefore, **subdivision (a)** specifies that dealers who are granted an extension to correct a Level 1 or 2 violation pursuant to section 4018 have an additional 30 days to file a timely appeal. The regulation is necessary to explain how dealers who are granted an extension to correct a Level 1 or 2 violation can preserve their right to appeal. **Subdivision (a)** specifies that the deadline to file a timely appeal for dealers who are granted an extension to correct a Level 3 or 4 violation pursuant to section 4018 is 30 days after the date of assessment indicated on the citation even if the Department granted an extension to correct the violation. Level 3 and 4 violations are extremely high risk to public health and safety and are subject to higher civil fines that remain due even if the Department grants an extension to correct the underlying violation.

**Subdivision (b)** specifies that all appeals must be submitted to the Department on the Firearm Dealer Appeals Form (Form BOF 1112, Orig. 01/2026), which is incorporated by reference. The Firearm Dealer Appeals Form requires the dealer to provide identifying information about themselves so that the Department can determine who is appealing. Dealers are further required to provide a copy of the citation so that the Department can determine what is being appealed. Dealers may also provide any evidence to support the appeal as the information may help the Department better understand the dealer's position and potentially resolve the citation before the appeal moves to the procedures specified in subdivision (c). Form BOF 1112 also includes a privacy notice that conforms to Civil Code section 1798.17.

**Subdivision (c)** specifies that all appeals will be conducted in accordance with the Administrative Procedures Act (Government Code section 11500 et seq.). The Administrative Procedures Act provides the appropriate due process for a dealer to appeal a civil fine.

## **Article 4. Removal from Centralized List**

### **§ 4024. Removal from Centralized List.**

Changes without regulatory effect. Subdivisions are renumbered. Authority and reference citations are amended.

Existing **subdivision (a)** is deleted because it does not reflect when the Department is authorized to remove a dealer from the Centralized List. Penal Code section 26715, subdivision (b)(1), allows the Department to remove a dealer from the Centralized List if they “knowingly or with gross negligence violates a provision listed in [Penal Code] Section 16575.” Including this statutory provision in the regulations is necessary for clarity so that all procedures are in one place.

Penal Code section 26800, subdivision (a), states that a dealer’s license is subject to forfeiture for a violation of Article 2 (beginning with Penal Code section 26800), except for violations of section 26890, subdivisions (c) or (d), or section 26900, subdivision (b). Including this statutory provision in **subdivision (b)** is necessary for clarity so that all procedures are in one place.

**Subdivision (c)** specifies that all appeals will be conducted in accordance with the Administrative Procedures Act (Government Code section 11500 et seq.). The Administrative Procedures Act provides the appropriate due process for all appeals related to this section.

#### ECONOMIC IMPACT ASSESSMENT/ANALYSIS

The Department is unaware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action. The Department concludes:

- (1) It is unlikely that the proposed regulations will create or eliminate jobs within the state because the proposed regulation prescribes the procedure for dealers to be assessed civil fines by the Department for non-compliance with the Penal Code.
- (2) It is unlikely the proposal would create new businesses or eliminate existing businesses within the state because the fine amounts, which would only be imposed to dealers who are not in compliance, range from \$100 to \$3,000 depending on the severity of the violation. The fine amounts are high enough to motivate compliance, but reasonable enough not to cause extreme financial hardship (e.g., business closure; employee lay-offs).
- (3) It is unlikely that the proposal would result in the expansion of businesses currently doing business within the state because the proposed regulation prescribes the procedure for existing dealers to be inspected and assessed civil fines for non-compliance with California law.

The Department also concludes that:

- (1) The proposal would benefit the health and welfare of California residents by creating a procedure for the Department to assess civil fines when conducting firearm dealer inspections that will encourage dealers to comply with existing statutes for the safe and legal sale of firearms in California. This regulation protects public safety by implementing a statutory requirement that imposes civil fines and other actions that will deter dealers from not following statutory requirements for recordkeeping, security measures, appropriate certifications, licensing requirements, and fees related to the safe and legal sale of firearms in California.
- (2) The proposal would not benefit worker safety because it does not regulate worker safety standards.
- (3) The proposal would not benefit the state's environment because it does not change any applicable environmental standards.

#### TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDIES, REPORTS, OR DOCUMENTS

The Department did not rely upon any technical, theoretical, or empirical studies or reports in proposing these regulations.

#### EVIDENCE SUPPORTING FINDING OF NO SIGNIFICANT STATEWIDE ADVERSE ECONOMIC IMPACT DIRECTLY AFFECTING BUSINESS

The Department has made an initial determination that the proposed action would not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

These regulations would implement civil fines for firearm dealers as mandated by Penal Code section 26800. It is unlikely the proposal would have a significant, statewide adverse economic impact directly affecting businesses within the state because the fine amounts, which would only be imposed to dealers who are not in compliance, range from \$100 to \$3,000 depending on the severity of the violation. The fine amounts are high enough to motivate compliance, but reasonable enough not to cause extreme financial hardship statewide. Further, most fines can be avoided altogether with compliance within thirty days.

#### REASONABLE ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON SMALL BUSINESSES

The Department finds that no reasonable alternatives were presented to, or considered by, the Department that would lessen any adverse impact on small business. Requiring the dealer to pay the fine amounts, which would only be imposed to dealers who are not in compliance, range

from \$100 to \$3,000 depending on the severity of the violation. The fine amounts are high enough to motivate compliance, but reasonable enough not to cause extreme financial hardship. Further, most fines can be avoided altogether with compliance within thirty days.

#### REASONABLE ALTERNATIVES TO THE PROPOSED REGULATORY ACTION AND THE AGENCY'S REASONS FOR REJECTING THOSE ALTERNATIVES

The Department has considered other reasonable alternatives regarding performance standards. These proposed regulations implement civil fines requirements for dealer non-compliance and, therefore, impose specific requirements. The Department must impose specific requirements to make clear all aspects regarding dealer inspections, review, and verification of inspection findings, appeals, and collections. The Department has determined that the DROS Entry System (DES) is the most efficient way to collect money and information from firearm dealers. Currently, the Department is working on a larger firearms IT project, which will include the funding required to upgrade DES and implement a method by which the Department can collect civil fines and information from firearm dealers. Therefore, the Department has concluded that, at this time, a manual process of tracking and collecting money and information regarding civil fines is the most efficient and least expensive method.

#### **Performance Standard as Alternative:**

The proposed regulations do not mandate the use of specific technologies or equipment. The Department must impose specific requirements to make clear all aspects regarding dealer inspections, civil fines, appeals, and collections. By creating a procedure for the Department to inspect dealers and impose civil fines, the proposed regulation protects public safety and ensures that appropriate oversight remains.