

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

**INITIAL STATEMENT OF REASONS**

**PROBLEM STATEMENT**

Prior to the passage of Senate Bill (SB) 1384, state law imposed no requirements on licensees regarding the maintenance of a digital video and audio surveillance system. Effective January 1, 2024, SB 1384 requires licensees to install a digital video and audio surveillance system outside their business, including permanently mounted interior and exterior cameras that: record 24 hours a day; record audio inside the premise; and has a visible timestamp with the date and time. The new law also requires licensees to maintain the recordings for a minimum of one year in a manner that protects them from tampering or theft. SB 1384 also requires licensees to certify that their digital video and audio surveillance system is in proper working order. (Penal Code, § 26806, subd. (d)). The proposed regulation provides the format for licensees to certify compliance with SB 1384 when they renew their placement on the Department’s Centralized List of Firearms Dealers.

**BENEFITS ANTICIPATED FROM REGULATORY ACTION**

This rulemaking action will enhance public safety by implementing security standards for licensed firearms dealers in California. Prior to SB 1384, no state laws imposed requirements on licensees regarding the maintenance of a digital video and audio surveillance system. The proposed regulation will ensure that licensees meet their obligation to have a digital video and audio surveillance system in proper working order by providing annual certification to the Department as a condition of their continued placement on the Department’s Centralized List of Firearms Dealers. If the licensee fails to provide the annual certification or timely renew their license, the licensee shall be removed from the Centralized List, lose access to the Dealer Record of Sale (DROS) Entry System (DES), and be prohibited from submitting new DROS transactions (Penal Code, § 26715, subd. (b)(3)).

The proposed regulation also updates the process applicants must follow when applying for placement on the Centralized List. Assembly Bill (AB) 28 (stats. 2023, ch. 231) amended Penal Code Section 26705, subdivision (b), to update the seller permit requirement by replacing “Board of Equalization” with “California Department of Tax and Fee Administration (CDTFA).” AB 28 also added a new requirement for placement on the Centralized List. Commencing July 1, 2024, applicant must provide a valid certificate of registration issued pursuant to Revenue and Taxation Code section 36036.

**SPECIFIC PURPOSE AND NECESSITY OF EACH SECTION**

**§ 4017. Definition of Key Terms.**

Section 4017 is amended to delete subdivision (g), which defines “Removal from the Centralized List.” The current definition in subdivision (g) distinguishes between removal based on a violation of various laws and regulations, and removal based on expiration of a license for failure to renew or provide updated copies of various permits. The distinction between removal and expiration is no longer necessary and conflicts with statute. Under the statute, the Department must determine an effective method for licensees to certify compliance with video/audio surveillance requirements. Adding the certification to a licensee’s annual renewal is a convenient method for both the Department and licensees, but failure to certify will result in removal from the Centralized List. By tying the certification requirement to renewal requirements, the Department can no longer distinguish between a licensee whose placement has lapsed or expired or a licensee who is removed as a penalty for violating other firearm laws.

**§ 4018. Applicant Information.**

The existing paragraph has been renumbered to subdivision (a), as subdivision (b) is being added to Section 4018.

Revised subdivision (a) is amended to replace “annual” with “initial” for accuracy because form BOF 4080 will now only be used for initial placement on the Centralized List while new forms BOF/CL-0004 (Centralized List of Firearms Dealers and Dealer Inspection Program Annual Renewal Fee Transmittal and Certification Notice) and BOF/CL-0012 (Centralized List of Firearms Dealers and Dealer Inspection Program Annual Renewal Fee Transmittal and Certification) will be used for a licensee’s annual renewal for placement on the Centralized List.

Revised subdivision (a) is amended to delete “(Rev. 12/2019).” BOF 4080 is not incorporated by reference into the regulations and does not require a revision date. Revised subdivision (a) is also amended to add a comma after “BOF 4080” for grammatical purposes.

Revised subdivision (a) is amended to replace “Board of Equalization” with “California Department of Tax and Fee Administration (CDTFA)” and to add “effective July 1, 2024, a valid certificate of registration issued pursuant to Section 36036 of the Revenue and Taxation Code.” and delete “the State Board of Equalization Seller’s Permit number.” These revisions are non-substantive and necessary to conform to the revisions in AB 28, which amended Penal Code Section 26705, subdivision (b).

New subdivision (b) is added to Section 4018 to clarify that initial and renewal Centralized List applications are distinct processes. Subdivision (a) concerns the initial application for placement on the Centralized List, while subdivision (b) describes the annual renewal process for placement on the Centralized List.

Subdivision (b)(1) describes the content of the forms the Department will mail to each licensee for renewal on the Centralized List. This section is necessary to provide guidance to licensees on the form of the notice the Department will send to licensees (BOF/CL-0004) and the form that licensees will have to complete and file with the Department to renew their placement on the Centralized List (BOF/CL-0012).

Subdivision (b)(2) describes the information licensees must include on the annual renewal form. Penal Code section 26806, subdivision (d) requires licensees to certify that their digital video and audio surveillance system is in proper working order. In addition to this certification, the Department also requires licensees to update information indicated on the initial or previous renewal application. This section is necessary to establish the requirements licensees must meet to renew their placement on the Centralized List. The annual renewal form must be completed, signed and certified under penalty of perjury. The necessity for a certification under penalty of perjury is to impress upon applicants the seriousness and importance of the information submitted on the application, to attest to the accuracy and completeness of the information submitted, and to deter misrepresentations and submission of false information.

Subdivision (b)(3) indicates that the Department will notify the licensee of their renewal confirmation or denial. This section is necessary to ensure that licensees are aware of the Department's determination and may take subsequent action to correct deficiencies found by the Department in the renewal application.

Subdivision (b)(4) specifies both the exact date licensees must correct deficiencies found by the Department in the renewal application, and the exact date the Department must review and approve the renewal application. The deficiencies will be noted in an application return letter. This section is necessary to alert licensees that January 31 of each year is the deadline to apply for renewal and to resubmit a revised renewal application correcting the deficiencies found in the initially submitted renewal application. This section also specifies that an application must be reviewed and approved by the Department by January 31 of each year. A renewal application received by the Department too close to the January 31 deadline may not allow sufficient time for processing before January 31 and therefore, the licensee will be removed from the Centralized List until the application has been approved by the Department.

Subdivision (b)(5) conveys the Department's actions when a licensee fails to comply with the renewal requirements in this section. This section is necessary because Penal Code section 26715, subdivision (b)(3) requires the Department to remove from the Centralized List any licensee who has failed to provide certification of compliance with Penal Code section 26806, subdivision (d). However, after the deadline of January 31 passes, a licensee will be able to restore their placement on the Centralized List by following the renewal requirements listed in this section.

Subdivision (b)(6) conveys the actions a licensee can take to restore their placement on the Centralized List if they fail to meet the January 31 deadline. A licensee may restore their placement on the Centralized List by following the same procedures outlined in Section 4018, subdivision (b). A licensee has until December 31 of the same calendar year to submit a renewal application. After December 31, a licensee must submit an initial application and initial fees to be added to the Centralized List.

The authority and reference section is amended to add "26705" and "26806" in reference to Penal Code sections 26705 and 26806. Additionally, "section" was amended to "sections" to accurately reflect multiple statutory references.

### **§ 4021. Term of Centralized List Placement.**

Section 4021, subdivision (a) is amended to specify the respective terms of initial and annual renewal placements on the Centralized List.

Section 4021 is amended to delete the current subdivision (b) and replace it with the revised language indicated in the text. This revision is necessary as the current subdivision will be rendered moot due to the inclusion of proposed section 4018, subdivision (b), which outlines the new requirements licensees must comply with to retain their placement on the Centralized List. Revised subdivision (b) specifies that a licensee must follow the process outlined in Section 4018, subdivision (b) if they wish to restore their placement on the Centralized List after failing to maintain and submit copies of renewals of current federal, state, and local licenses, permits or certifications within 30 days after their respective expirations.

### **ECONOMIC IMPACT ASSESSMENT/ANALYSIS**

The Department concludes:

- (1) It is unlikely that the proposed regulation will create or eliminate jobs within the state because the proposed regulations makes only minor modifications to the initial application and annual renewal process for placement on the Department's Centralized List.
- (2) It is unlikely that the proposed regulation will create new businesses or eliminate existing businesses within the state because the proposed regulations makes only minor modifications to the initial application and annual renewal process for placement on the Department's Centralized List.
- (3) It is unlikely that the proposed regulation would result in the expansion of businesses currently doing business within the state because the proposed regulations makes only minor modifications to the initial application and annual renewal process for placement on the Department's Centralized List.

The Department also concludes that:

- (1) The proposed regulation will benefit the health and welfare of California residents by updating the initial and annual procedure for licensees to renew their placement on the Department's Centralized List of Firearms Dealers. The annual procedure now mandates licensees comply with state law and provide certification to the Department that their location has a digital video and audio surveillance system in proper working order. The regulation will protect public safety by implementing stronger firearms dealers' security measures, which helps curb gun store theft.
- (2) The proposed regulation will not benefit worker safety because it does not regulate worker safety standards.

(3) The proposed regulation will not benefit the state's environment because it does not change any applicable environmental standards.

**TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDIES, REPORTS OR SIMILAR DOCUMENTS RELIED UPON**

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

**EVIDENCE SUPPORTING DETERMINATION 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 business, including the ability of California businesses to compete with businesses in other states.

**REASONABLE ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON SMALL BUSINESS**

The Department determines that these proposed regulations do not have an adverse impact on small businesses.

**REASONABLE ALTERNATIVES TO THE PROPOSED ACTION AND THE AGENCY'S REASON FOR REJECTING THOSE ALTERNATIVES**

The Department finds that no alternatives were presented to, or considered by, the Department that would be more effective in carrying out the purpose of these proposed regulations or would be as effective and less burdensome to affected private persons than these proposed regulations. The alternative of using an extra form separate from the Centralized List renewal application from would be less effective and create more paperwork for licensees. Extra forms may get lost, and licensees are more likely to complete a certification in a form they are already required to submit each year to stay in business. The alternative of not having a uniform method of certification may confuse licensees and result in a higher rate of non-compliance, and will increase the administrative burden on the Department.

**Performance Standard as Alternative:**

The proposed regulation requires licensees to provide necessary information on forms prescribed by the Department. Prescribing forms is the easiest way to make sure that licensees comply with reporting requirements and provide all required information, including certifying they have a digital video and audio surveillance system in proper working order. The renewal form is the most efficient way to ensure the licensees provide the required certification. Licensees are already required to fill out a form to annually renew their placement on the Department's Centralized List of Firearms Dealers.