

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

ECONOMIC AND FISCAL IMPACT STATEMENT (STD 399) ATTACHMENT A

Economic Impact Statement

Section A – Estimated Private Sector Cost Impacts

A. 3

Number of Businesses Impacted

Penal Code section 29830 allows persons who are prohibited from owning or possessing a firearm, ammunition feeding device, or ammunition to transfer those items to a licensed firearms dealer or ammunition vendor. Firearms dealers and ammunition vendors are not required to store firearms, ammunition feeding devices, or ammunition for temporarily prohibited persons. However, if those businesses choose to accept these items for storage, then they will be required to notify the Department pursuant to Penal Code section 29830. Those businesses choosing to accept these items for storage can recover their costs from the consumer seeking this service. (Pen. Code, § 29830, subd. (b).)

According to the Department's records, as of November 1, 2024, there were 1,293 licensed firearms dealers and 363 licensed ammunition vendors in California (these numbers change daily as new licenses are approved and old licenses expire). The Department estimates that the total number of businesses that may be directly impacted by these regulations is 1,656 (1,293 + 363).

Although the Department does not have direct information regarding the business size of licensed firearms dealers, approximately 61 firearms dealers are one of four corporations: Bass Pro Outdoor World, Big 5 Sporting Goods, Sportsman's Warehouse and Turner's Outdoorsman. The remaining businesses have only one, two or (rarely) three locations, and, if set up as corporations, have corporate headquarters in California (i.e., are "independently owned" and not "dominant in its field of operation"). Therefore, using the consolidated small business definition in Government Code section 11346.3, subdivision (b)(4)(B), as a guide, the Department estimates that approximately 1,293 licensed firearms dealers, are "small businesses." The Department is unaware of any licensed ammunition vendors that are not "small businesses."

Of the total 1,656 businesses that may be impacted by this regulation, 1,656 (1,293 + 363) or 96% are small businesses.

Section B – Estimated Costs

B. 1

The Department has determined that any cost impact to businesses would be indirect and due to the additional time it will take to notify the Department when a firearm, ammunition, or ammunition feeding device is accepted for storage pursuant to Penal Code section 29830. The Department estimates that it will take ten minutes to input the required information into the DROS Entry System (DES). Firearms dealers and ammunition vendors and their representatives are already familiar with the DES, as required of them by Penal Code sections 28205 and 30370. Access to the DES is provided to firearms dealers and ammunition vendors by the Department. Assuming the additional staff time for a retail worker costs a minimum of \$16 per hour, the Department estimates that each notification to the Department of the storage of a firearm, ammunition feeding device, and/or ammunition will indirectly cost each firearms dealer or ammunition vendor an additional \$2.67 per report.

Firearms dealers and ammunition vendors have been submitting this report to the Department since July 1, 2020, the operative date of Penal Code section 29830. In 2023, firearms dealers and ammunition vendors submitted an average of 378 reports each month. The Department assumes that this rate will continue and that it will receive 4,536 reports during the 12 months subsequent to the implementation of these regulations (378 x 12).

There are 1,656 total licensed firearms dealers and licensed ammunition vendors in California. Assuming that the 4,536 yearly instances of temporary storage are distributed evenly among the dealers and vendors, the average dealer or vendor will face the above scenario approximately three times every year ($4,536/1,656 = 2.7$). At current wages, it will cost a firearms dealer \$2.67 in staff time to complete the required form, three times each year, or approximately \$8.01 each year.

Because firearms dealers and ammunition vendors may charge the owner a reasonable fee for the storage of the firearm, ammunition feeding device, or ammunition (Pen. Code, § 29830, subd. (b)), any reporting costs are recoverable.

B. 3

The regulation requires firearms dealers and ammunition vendors to provide a notification to the Department of Justice via the DES. Firearms dealers and ammunition vendors and their representatives are already familiar with the DES. Further use of this system adds no additional cost to firearms dealers or ammunition vendors.

The entire cost to businesses is anticipated to be the staff time required to fulfill the reporting requirements of Penal Code section 29830. The cost in staff time to comply with this regulation is anticipated to be \$8.01 each year.

Section D – Alternatives to the Regulation

D. 1 and D. 2

The Department considered mandating or allowing use of a paper form to report the necessary information. The Department assumes that it would take the same amount of staff time to complete the form in either format. However, use of a paper form would require postage (\$0.73). This would increase the total cost to each business that complies with this regulation (\$8.01 staff time + \$0.73 postage = \$8.74).

The Department rejected this alternative as being both more expensive and less effective. Considering the threat posed to public safety by the continued possession of firearms, ammunition feeding devices, and ammunition by persons who are prohibited from possessing those items, timely notification is of the utmost importance. In this instance, the option that results in immediate notification is also the most cost-effective.

Fiscal Impact Statement

Section B - Fiscal Effect on State Government

The regulations require firearms dealers and ammunition vendors to transmit information to the Department using the DES. Fiscal impact of DES modifications was accounted for in the SB 746 (2018) Budget Change Proposal.

Firearms dealers and ammunition vendors are currently using the DES to submit reports to the Department upon the storage of a firearm, ammunition, or ammunition feeding device. These reports are processed electronically and updates are made to the Department's records automatically unless there is a problem (e.g., typos, name changes, etc). In those instances, a Crime Analyst I in the Armed and Prohibited Persons Unit is required to process these reports, address the problem, and update the Department's records manually. In the Department's experience, it takes approximately 15 minutes to process each report.

In 2023, the Department received an average of 378 reports each month. The Department assumes half of the reports (189) needed to be resolved manually each month resulting in 2,268 reports annually.

Because it takes a Crime Analyst I approximately 15 minutes to process each report, this program function will require 567 hours of work (2,268 reports x 15 minutes = 567 hours).

At the hourly rate for overtime for a mid-step Crime Analyst I, plus incidentals, the cost to the Department for this absorbed workload will be approximately \$25,957 annually.