

ASSEMBLY THIRD READING  
AB 2362 (Muratsuchi)  
As Introduced February 18, 2020  
Majority vote

**SUMMARY:**

Authorizes, commencing July 1, 2021, the Department of Justice (DOJ) to impose civil fines on firearms dealers for breaches of regulations or prohibitions related to their firearms dealers license.

**Major Provisions**

- 1) Permits the Department of Justice to impose a civil fine of up to \$1,000 against firearms dealers for a breach of specified prohibitions relating to firearms dealer licensing.
- 2) Provides for a civil fine of up to \$3,000 for breaches that subject a licensee to forfeiture of their firearms dealer license for either of the following:
  - a) The licensee previously received written notification from the DOJ regarding the breach and subsequently failed to take timely corrective action; or
  - b) The licensee is otherwise determined by the DOJ to have knowingly or with gross negligence violated a regulation or prohibition related to licensing.
- 3) Allows DOJ to adopt regulations setting fine amounts and setting up an appeals process.

**COMMENTS:****According to the Author:**

"AB 2362 would improve public safety and bring increased accountability, transparency, and security to gun sales in California by authorizing DOJ to fine irresponsible dealers who break the law."

**Arguments in Support:**

According to the *California Department of Justice*, "In order to operate in California, firearms dealers and license holders must have 1) a Federal Firearms License, 2) a license issued by a county or other local agency, and 3) a Certificate of Eligibility issued by the DOJ. If they have all of these items, they are included on the DOJ-maintained centralized list that allows them to operate their business. The DOJ conducts spontaneous on-site inspections of dealers and license holders to ensure they are complying with transfer requirements, dealer record and record retention requirements, facility maintenance and security requirements, and waiting period requirements.

"If a dealer or license holder is out of compliance, the DOJ sends written notification requesting corrective action. Follow up inspections may be performed to ensure corrective action has been taken. Not every instance of non-compliance warrants revocation of a certificate or removal from the centralized list; however, DOJ lacks authority to impose progressive disciplinary actions. For example, dealers and license holders are required to update the safety signage on

their business premises with the correct font and text size as specified by statute. Repeated violation for incorrect font size would warrant some level of penalty that is short of removal from the centralized list.

"Revocation and removal from the centralized list ultimately results in a person's ability to operate and is a heavy-handed consequence when an infraction is minor. AB 2362 grants DOJ the ability to impose aggressive discipline policies that will hold dealers and license holders accountable without irreparably penalizing them for minor mistakes or oversight. For example, a monetary fine could be imposed against a dealer or license holder that fails to take corrective action after receiving a warning for a minor offense."

### **Arguments in Opposition:**

According to the *California Rifle and Pistol Association*, "Commencing July 1, 2022, AB 2362 would authorize DOJ to impose a civil fine on licensed firearms dealers not exceeding \$1,000 for paper work violations, and a civil fine not exceeding \$3,000 for a violation when the licensee had received written notification from the DOJ regarding the violation and fails to take corrective action and fails to take corrective action, as specified, or the DOJ determines the licensee committed the violation knowingly or with gross negligence."

The decision to bestow additional authority to the Department could lead to needless, punitive measures against firearms dealers who may have made an insignificant mistake stemming from lack of responsiveness from the DOJ. Existing law already regulates licensed firearms dealers and provides that a license is subject to forfeiture for breach of specified prohibitions of law. In other words the DOJ already has the authority to terminate noncompliant firearms dealers!"

### **FISCAL COMMENTS:**

According to the Assembly Appropriations Committee, costs (General Fund/Dealer Record of Sales Fund/Legal Services Revolving Fund) to the DOJ of \$213,000 in Fiscal Year (FY) 2020-21, \$676,000 in FY 2021-22, \$537,000 in FY 2022-23, \$371,000 in FY 2023-24 and \$175,000 annually thereafter in additional staff for licensing and enforcement.

### **VOTES:**

#### **ASM PUBLIC SAFETY: 6-2-0**

**YES:** Jones-Sawyer, Bauer-Kahan, Kamlager, Carrillo, Santiago, Wicks

**NO:** Lackey, Diep

#### **ASM APPROPRIATIONS: 13-5-0**

**YES:** Gonzalez, Bauer-Kahan, Bloom, Bonta, Calderon, Carrillo, Chau, Eggman, Gabriel, Eduardo Garcia, Petrie-Norris, McCarty, Robert Rivas

**NO:** Bigelow, Megan Dahle, Diep, Fong, Voepel

### **UPDATED:**

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