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UNFINISHED BUSINESS

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Bill No: SB 1384  
Author: Min (D), et al.  
Amended: 8/4/22  
Vote: 21

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SENATE PUBLIC SAFETY COMMITTEE: 4-1, 4/19/22  
AYES: Bradford, Kamlager, Skinner, Wiener  
NOES: Ochoa Bogh

SENATE APPROPRIATIONS COMMITTEE: 5-2, 5/19/22  
AYES: Portantino, Bradford, Kamlager, Laird, Wieckowski  
NOES: Bates, Jones

SENATE FLOOR: 27-9, 5/24/22  
AYES: Allen, Atkins, Becker, Bradford, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hueso, Kamlager, Laird, Leyva, Limón, McGuire, Min, Newman, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener  
NOES: Bates, Borgeas, Dahle, Grove, Jones, Melendez, Nielsen, Ochoa Bogh, Wilk  
NO VOTE RECORDED: Archuleta, Caballero, Hertzberg, Hurtado

ASSEMBLY FLOOR: 53-19, 8/11/22 - See last page for vote

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**SUBJECT:** Firearms: dealer requirements

**SOURCE:** Brady Campaign  
Brady Campaign California

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**DIGEST:** This bill requires licensed firearm vendors to ensure that its business premises are monitored by a digital video and audio surveillance system, as specified. Additionally, this bill requires licensees to carry a general liability insurance policy providing at least one million dollars of coverage per incident.

*Assembly Amendments* significantly narrow the scope of the bill, removing several other physical security and training requirements.

**ANALYSIS:**

Existing law:

- 1) Prohibits the sale, lease or transfer of firearms unless the person has been issued a license by the California Department of Justice, and establishes various exceptions to this prohibition. (Penal Code §§26500 – 26625)
- 2) Requires that prospective firearms dealers (licensees) satisfy the following requirements:
  - a) Has a valid federal firearms license from the federal Bureau of Alcohol, Tobacco and Firearms (ATF).
  - b) Has any regulatory or business license, or licenses, required by local government.
  - c) Has a valid seller's permit issued by the State Board of Equalization
  - d) Has a Certificate of Eligibility issued by DOJ demonstrating that the applicant is not prohibited from acquiring or possessing firearms
  - e) Has an annual license granted by the licensing authority of any city, county, or city and county.
  - f) Is on the DOJ's centralized list of all persons licensed to sell firearms. (Penal Code §26700(a)-(f).)
- 3) Provides that a license to sell firearms is subject to forfeiture for any violation of a number of specified prohibitions and requirements, with limited exceptions. (Penal Code §26800(a).)
- 4) Provides, effective July 1, 2022, that the DOJ may assess specified civil fines against a licensee for any breach of a prohibition or requirement that subjects the licensee to forfeiture of their license to sell firearms. (Penal Code §26800(b), effective July 1, 2022.)
- 5) Provides that the business of a licensee shall be conducted only in the buildings designated in the license, subject to exceptions. (Penal Code §26805).
- 6) Requires licensees to post various notices and warnings conspicuously within the licensed premises. (Penal Code §26835).
- 7) Requires, except as otherwise provided, that any time when the licensee is not open for business, all inventory firearms must be stored in the licensed location. All firearms must be secured using one of the following methods as to each particular firearm:

- a) Store the firearm in a secure facility that is a part of, or that constitutes, the licensee's business premises.
  - b) Secure the firearm with a hardened steel rod or cable of at least one-eighth inch in diameter through the trigger guard of the firearm. The steel rod or cable shall be secured with a hardened steel lock that has a shackle. The lock and shackle shall be protected or shielded from the use of a bolt cutter and the rod or cable shall be anchored in a manner that prevents the removal of the firearm from the premises.
  - c) Store the firearm in a locked fireproof safe or vault in the licensee's business premises. (Penal Code §26890(a).)
- 8) Provides that the licensing authority in an unincorporated area of a county or within a city may impose security requirements that are more strict or are at a higher standard than those specified. (Penal Code §26890(b).)
  - 9) Defines a "secure facility," for the purposes of firearms dealers, as a building that satisfies specified requirements. (Penal Code §17110)
  - 10) Provides that a licensee shall require any agent or employee who handles, sells or delivers firearms to obtain and provide to the licensee a certificate of eligibility from the DOJ verifying that the agent or employee is not prohibited from acquiring or possessing firearms. (Penal Code §26915).

This bill:

- 1) Requires, commencing January 1, 2024, a licensed firearm dealer to ensure that its business premises are monitored by a digital video surveillance system that meets the following requirements:
  - a) The system shall clearly record images, and, for systems located inside the premises, audio of the area under surveillance.
  - b) Each camera shall be permanently mounted in a fixed location. Cameras shall be placed in locations that allow the camera to clearly record activity occurring in specified areas and reasonably produce recordings that allow for the clear and identification of any person.
  - c) The areas recorded shall include, without limitation, interior and exterior views of all entries or exits to the premises, all areas where firearms are

- displayed, and all points of sale, sufficient to identify the parties involved in the transaction.
- d) The system shall continuously record 24 hours per day at a frame rate no less than 15 frames per second.
  - e) The media or device on which recordings are stored shall be secured in a manner to protect the recording from tampering, unauthorized access or use, or theft.
  - f) Recordings shall be maintained for a minimum of 1 year.
  - g) Recorded images shall clearly and accurately display the date and time.
  - h) The system shall be equipped with a failure notification system that provides notification to the licensee of any interruption or failure of the system or storage device.
- 2) Specifies that a licensee shall not use, share, allow access, or otherwise release recordings, except as follows:
- a) A licensee shall allow access to an agent of the DOJ or a licensing authority conducting an inspection of the licensee's premises to ensure compliance with this bill, and only if a warrant or court order would not generally be required for that access.
  - b) A licensee shall allow access or release recordings pursuant to a search warrant or other court order.
  - c) A licensee may allow access to any person in response to an insurance claim or as part of the civil discovery process, including, but not limited to, in response to subpoenas, request for production or inspection, or other court order.
- 3) Requires that a licensee must post a sign in a conspicuous place at each entrance to the premises stating, "These premises are under video surveillance. Your image and conversations may be recorded."
- 4) Requires that licensees shall, on an annual basis, provide certification to the department that its video surveillance system is in proper working order, and makes conforming changes.

- 5) Specifies that its provisions do not preclude any local authority or governing body from adopting or enforcing local laws or policies regarding video surveillance that do not contradict or conflict with the requirements of this bill.
- 6) Commencing July 1, 2023, requires licensees to carry a general liability insurance policy providing at least \$1 million of coverage per incident.
- 7) Specifies that the above provision does not preclude any local authority from requiring a more stringent requirement regarding liability insurance.

### **Comments**

According to the author, “To ensure gun owners are educated about the dangers of firearm usage, this bill requires the California Department of Justice to develop and make available to each licensed firearms dealer, a training course in the conduct of ammunition and firearm transfers [...]. The training course shall include an examination with not less than 20 questions derived from the course materials and intended to confirm that a course participant has learned the information covered by the course. To receive certification of completion of the course, a participant must answer at least 70 percent of the examination questions correctly. Not less frequently than annually, the Attorney General shall review the training course materials, and revise them as necessary.

“Every new and current employee and other personnel engaged in the retail sale of ammunition, firearms, rifles, and shotguns shall annually complete the training outlined above, and must complete a certification with the DOJ. No employee or agent of any retail dealer shall participate in the sale or disposition of firearms, rifles, or shotguns unless such person has first received the training required by this section. Retail dealers shall keep a record of the completion of this training, which may be requested by DOJ at any time. The DOJ shall promulgate regulations setting forth minimum requirements for the maintenance of records of such training. [...].”

“Additionally, every dealer shall carry insurance coverage against liability for damage to property and for injury to or death of any person related to the sale, delivery, lease, or transfer of ammunitions, a firearm, rifle, or shotgun in amounts appropriate to its level of sales, but no less than one million dollars for each incident of damage, injury, or death.”

Existing state law imposes no requirements on licensed gun dealers regarding the maintenance of an audio and video surveillance system, though most licensees do

operate at least a video surveillance system as a matter of standard practice in the industry. This bill requires licensees to maintain an audio and video recording system that must continuously record specified areas of a licensee's business premises 24 hours a day at a rate of at least 15 frames per second, and requires the recordings to clearly show the date and time, and be maintained for a minimum of 1 year. The bill also requires licensees to post a notice in their business premises that the premises are under video surveillance. In addition, the bill limits a licensee's use or sharing of the recordings except that a licensee must provide access to the DOJ or a local licensing authority for the limited purpose of ensuring compliance with this bill, to any person permitted to access the recordings pursuant to a search warrant or other court order, or as part of an insurance claim or civil discovery process.

Existing state law imposes no requirements on licensed gun dealers regarding the maintenance of general liability insurance at their licensed business premises. Existing state law does however, require gun show organizers to ensure that liability insurance is in effect for the duration of the show in an amount of not less than \$1 million. In addition, 34 local jurisdictions in California have required gun dealers to carry liability insurance, typically with a minimum coverage of \$1 million. This bill would impose this requirement statewide, mandating that every state licensee carry a general liability insurance policy of at least \$1 million of coverage per incident. Although federal law, the Protection of Lawful Commerce in Arms Act, shields firearms manufacturers and dealers from liability when crimes have been committed with their products, they can still be held liable for a range of torts, contract violations and criminal misconduct for which they are directly responsible

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: No

According to the Assembly Appropriations Committee:

“Costs (Dealer Record of Sales (DROS) Account and General Fund (GF)) in the mid-hundreds of thousands of dollars to low millions of dollars to the DOJ for additional staff and information technology systems. DOJ notes costs vary depending on whether the training and certification requirements specified in the bill requires contracting for third party software or if DOJ is required to create an in-house training and tracking system. DOJ notes costs to utilize third party software to create a customizable online training system with testing certification are approximately \$1 million in fiscal year (FY) 2022-23, \$1.5 million in FY 2023-24, \$1.3 million dollars in FY 2024-25, \$1 million in FY 2025-26, \$460,000 in FY 2026-27, and \$345,000 annually thereafter. However, DOJ notes costs to create an

in-house training system are \$1 million in FY 2022-23, \$2.4 million in FY 2023-24, \$2.7 million in FY 2024-25, \$2.2 million in FY 2025-26, and approximately \$1 million annually thereafter. Finally, DOJ notes costs may be reduced if implementation of this bill is delayed to January 1, 2026.”

**SUPPORT:** (Verified 8/11/22)

Brady Campaign (co-source)  
Brady Campaign California (co-source)  
Brady United Against Gun Violence, Ventura County Chapter  
Giffords Law Center for the Prevention of Gun Violence  
Women for American Values and Ethics Action Fund

**OPPOSITION:** (Verified 8/11/22)

California Rifle and Pistol Association  
California Waterfowl Association  
Defendingconstitutionalrights.com  
Gun Owners of California, Inc.

**ASSEMBLY FLOOR:** 53-19, 8/11/22

**AYES:** Aguiar-Curry, Alvarez, Arambula, Bauer-Kahan, Bennett, Berman, Boerner Horvath, Mia Bonta, Calderon, Carrillo, Cervantes, Daly, Mike Fong, Friedman, Gabriel, Cristina Garcia, Eduardo Garcia, Gipson, Grayson, Haney, Holden, Irwin, Jones-Sawyer, Kalra, Lee, Levine, Low, Maienschein, McCarty, McKinnor, Medina, Mullin, Muratsuchi, Nazarian, O'Donnell, Petrie-Norris, Quirk, Quirk-Silva, Ramos, Reyes, Luz Rivas, Robert Rivas, Rodriguez, Blanca Rubio, Santiago, Stone, Ting, Villapudua, Ward, Akilah Weber, Wicks, Wood, Rendon

**NOES:** Bigelow, Chen, Choi, Cooley, Cunningham, Megan Dahle, Davies, Flora, Fong, Gallagher, Kiley, Lackey, Mathis, Nguyen, Patterson, Salas, Seyarto, Smith, Waldron

**NO VOTE RECORDED:** Bloom, Bryan, Cooper, Gray, Mayes, Valladares, Voepel, Wilson

Prepared by: Alex Barnett / PUB. S. /  
8/12/22 16:57:25

\*\*\*\* END \*\*\*\*