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# SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair  
2023 - 2024 Regular Session

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## SB 241 (Min) - Firearms: dealer requirements

**Version:** January 25, 2023

**Urgency:** No

**Hearing Date:** April 10, 2023

**Policy Vote:** PUB. S. 4 - 0

**Mandate:** No

**Consultant:** Matthew Fleming

**Bill Summary:** SB 241 would require firearms dealers and their employees to annually complete an online training course and certification developed by the Department of Justice (DOJ).

**Fiscal Impact:** The DOJ reports costs of \$1.5 million in 2023-24, \$2.7 million in 2024-25, \$2.6 million in 2025-26, and \$1.2 million ongoing thereafter (Dealer Record of Sale Special Fund). See Staff Comments for additional detail.

**Background:** Federal law requires firearms dealers to obtain a license (also known as a “federal firearms license,” or “FFL”) through the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). An FFL is necessary but not sufficient for obtaining a firearms dealer license in California. Additional requirements include any business license required by local government, a seller’s permit issued by the California Department of Tax and Fee Administration, a seller’s license issued by the local licensing authority of a local government, a certificate of eligibility (background check) issued by the DOJ, and being recorded on the DOJ’s centralized list of firearms dealers. State law requires employees of firearm licensees to provide their employers with a certificate of eligibility from the DOJ, verifying that they are not prohibited from acquiring or possessing firearms.

This bill would impose an additional training and certification requirement upon firearms dealers and their employees. The bill requires licensees to maintain records of employee certification and make those records available to the DOJ upon request. The training required under the bill must cover a host of topics, including state and federal laws applicable to gun dealers, how to recognize straw purchasing and other illegal activity, how to prevent theft or burglary of firearms, and how to teach consumers about firearm safety, among other issues.

### Proposed Law:

- Provides that, commencing July 1, 2025, every licensee, and every employee thereof who handles or processes the sale, loan or transfer of firearms or ammunition in the course of their normal duties, shall annually complete a training course and certification.
- Provides that every licensee shall maintain records of certification for all employees on the business premises and make those records available to any agent of the DOJ or a licensing authority conducting an inspection of the licensee’s premises.

- Requires the DOJ, by no later than January 1, 2025, to develop and implement a course of training for licensees and their employees, which must include instruction on all of the following topics:
  - Federal and state laws governing sales and transfers of firearms and ammunition.
  - How to recognize and identify straw purchasers and fraudulent activity.
  - Indicators that a person is attempting to purchase a firearm illegally.
  - How to recognize and identify indicators that an individual intends to use a firearm for unlawful purposes.
  - How to recognize and identify indicators that an individual intends to use a firearm for self-harm.
  - How to prevent theft or burglary of firearms and ammunition.
  - How to respond to circumstances described above, and any applicable reporting requirement.
  - How to teach consumers rules of firearm safety, including, but not limited to, the safe handling and storage of firearms.
  - Other reasonable business practices that the DOJ determines will deter gun trafficking or the unlawful use of firearms.
- Provides that the training shall be available in an online format and shall include an examination with not fewer than 20 questions derived from the course materials and intended to confirm that a course participant has learned the information covered by the course.
- Provides that a participant that answers at least 70 percent of the examination questions correctly shall receive a printable certificate of completion valid for one year from the date of completion.
- Requires the DOJ to prepare supplemental written materials that shall be available to all course participants to print and shall include the following:
  - An outline of specified indicators that a prospective firearm transferee may be involved in gun trafficking or straw purchasing, including all of the following:
    - The person is accompanied by one or more individuals.
    - The person is communicating with other individuals by telephone or other means.
    - The person is buying multiple firearms.
    - The person has been the subject of a crime gun trace.
    - The person has purchased a firearm in the preceding 30 days.
    - The person otherwise indicates that a firearm is being obtained for another person.
  - How to ascertain whether a prospective firearm purchaser is lawfully purchasing a firearm, including by asking questions of the purchaser.
  - How to report a suspected fraudulent firearm purchase to the federal Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and to the federal Department of Justice.

- Provides that the DOJ shall regularly review the training materials and update them as necessary.
- Specifies that its provisions do not preclude any local authority from requiring a more stringent requirement regarding the training of firearm licensees and their employees.

**Related Legislation:** SB 1384 (Min) Ch. 995, Stats. of 2022, required licensed firearm dealers to have a digital video surveillance system on their business premises and required that dealer to carry a policy of general liability insurance. In its original version, SB 1384 contained the provisions of this bill as well; those provisions were amended out in the Assembly Appropriations Committee.

**Staff Comments:** DOJ reports that the California Justice Information Services (CJIS) Division proposes utilizing third-party software for user administration, online training course, testing certification, and file extraction. The project would require software market research to determine and confirm the cost of the third-party software. Estimated one-time costs to acquire and implement the software could range from \$1 million to \$2 million. There will be an ongoing support cost for staff, software renewals, and data needs, which will also be determined during market research and could range from \$500,000 to \$800,000 annually, to support the third-party software and an increase of \$1.60 per examinee based on the addition of 200 new candidates per year. CJIS would require numerous permanent positions and temporary help and consulting hours in order to implement the IT solutions required by this bill. Additionally, the DOJ reports that the Division of Law Enforcement (DLE) would require a two-year limited term Associate Governmental Program Analyst and numerous overtime hours to develop regulations, review forms and process revisions, develop exam criteria, offer the curricula, exam, supporting materials, certificate available in an online format, conduct user acceptance testing, and perform other tasks.

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