

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 704 (Arreguín) – As Amended July 17, 2025

Policy Committee: Public Safety

Vote: 7 - 2

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill requires a person to pass a background check and conduct an in-person transaction with a licensed firearm dealer to buy a firearm barrel.

Specifically, among other provisions, this bill:

- 1) Prohibits sale or transfer of a firearm barrel unless the transaction is completed in person by a licensed firearm dealer, and the licensed firearm dealer has conducted a background check to determine that the buyer is authorized to purchase a firearm, ammunition, and a firearm barrel in a manner prescribed by the California Department of Justice (DOJ).
- 2) Specifies a firearm barrel may only be possessed with the intent to be sold or offered to be sold by a licensed firearm dealer.
- 3) Makes a violation of the above provisions a crime as follows:
 - a) A first violation is a misdemeanor punishable by up to six months in county jail, a fine of up to \$1,000, or both jail and a fine.
 - b) A second violation is a misdemeanor punishable by up to one year in county jail, a fine of \$1,000, or both jail and a fine.
 - c) A third or subsequent violation is an alternate felony-misdemeanor punishable as follows:
 - i) As a misdemeanor, by up to one year in county jail, a fine up to \$2,000, or both jail and a fine.
 - ii) As a felony, by 16 months, two years, or three years in county jail, a fine up to \$2,000, or both jail and a fine. If the defendant has certain prior convictions, a felony conviction is punishable by a term in state prison instead of county jail.
- 4) Exempts specified transactions from the prohibition described in item 1), above, including sales and transfers to law enforcement agencies, the U.S. military, and transactions in which the buyer is separately purchasing a firearm and undergoing a state and federal background check.

- 5) Permits funds in the Dealers' Record of Sales (DROS) Special Account of the General Fund to be used, upon appropriation by the Legislature, to offset DOJ's costs for implementing this bill.
- 6) Authorizes DOJ to adopt regulations to implement the bill's provisions.

FISCAL EFFECT:

- 1) Costs (DROS Account, General Fund) to DOJ, possibly in the hundreds of thousands of dollars to low millions of dollars annually. DOJ anticipates costs of approximately \$851,000 in fiscal year (FY) 2025-26, \$805,000 in FY 2026-27, \$471,000 in FY 2027-28, and \$259,000 ongoing thereafter. This estimate includes one full-time IT specialist in DOJ's California Justice Information Services (CJIS) Division to help manage software development project, project consultants within CJIS, and increased workload in DOJ's Bureau of Firearms for implementation of the bill's requirements and ongoing operations, including conducting background checks, processing requests for information from criminal justice agencies, and drafting regulations and information bulletins.

In addition to these costs, DOJ will likely incur workload to defend this bill from legal challenges, given the legal landscape (discussed below). If DOJ must hire additional legal staff as a result, workload costs may be in the low hundreds of thousands of dollars annually.

- 2) Cost pressures (Trial Court Trust Fund, General Fund) of an unknown but potentially significant amount to the courts to adjudicate charges of the crimes created by this bill. A defendant charged with a misdemeanor or felony is entitled to a jury trial and, if the defendant is indigent, legal representation provided by the government. Actual court costs will depend on the number of violations, prosecutorial discretion, and the amount of court time needed to adjudicate each case. Although courts are not funded on the basis of workload, increased pressure on the Trial Court Trust Fund may create a demand for increased funding for courts from the General Fund. The fiscal year 2025-26 state budget provides \$82 million ongoing General Fund to the Trial Court Trust Fund for court operations.
- 3) Costs (local funds, General Fund) to the counties and the California Department of Corrections and Rehabilitation to incarcerate people convicted of organized retail theft. Actual incarceration costs will depend on the number of convictions, the length of each sentence, and whether each sentence must be served in county jail or state prison. The average annual cost to incarcerate one person in county jail is approximately \$29,000, though costs are higher in larger counties. The Legislative Analyst's Office estimates the average annual cost to incarcerate one person in state prison is \$133,000. County incarceration costs are not subject to reimbursement by the state. However, overcrowding in county jails creates cost pressure on the General Fund because the state has historically granted new funding to counties to offset overcrowding resulting from public safety realignment.

COMMENTS:

- 1) **Background.** This bill is sponsored by Brady and Brady California. The author states this bill builds on California's existing laws to prevent the sale and possession of "ghost guns." Unauthorized self-manufactured firearms are known as ghost guns because they do not have

serial numbers and are untraceable by law enforcement agencies. It is illegal to possess or manufacture a ghost gun in California, and state law imposes civil and criminal liability for companies and individuals who facilitate the creation of ghost guns. According to the bill's sponsors, "criminals and segments of the firearm industry" now circumvent California's ghost gun laws by purchasing commercially-manufactured firearm barrels and attaching them to 3D-printed firearm parts to construct a functional firearm. To ensure firearm barrels are commercially available only to people who are authorized to possess or purchase a firearm, this bill requires a firearm barrel be purchased through an in-person transaction with a licensed firearm dealer, who must conduct a background check on the buyer.

- 2) **Legal Landscape.** In recent years, federal courts have significantly redefined Second Amendment case law. In 2022, the U.S. Supreme Court issued a new test, ruling that a court should uphold a restriction on someone's right to bear arms only if there is a tradition of similar regulation in U.S. history. (*NYSRPA v. Bruen* (2022) 142 S.Ct. 2111.) The Supreme Court refined the Bruen standard somewhat in its 2024 decision in *U.S. v. Rahimi* (2024) 602 S.Ct. 680, but the court's approach to firearms restrictions remains uncertain. Last month, the Ninth Circuit Court of Appeals, citing Bruen and Rahimi, held that California's ammunition background check regime is unconstitutional. The Ninth Circuit held the background check regime "infringes on the fundamental right to keep and bear arms," and found that none of the historical regulations cited by the state were sufficiently relevant or similar to justify the law. However, according to DOJ's website, the ammunition background regime remains in effect for now, pending further procedural action by the Ninth Circuit. In the past, courts have generally accepted background checks as an element of firearm regulation, but it is unclear how the courts will ultimately resolve this question in light of recent changes in court precedent.

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