

MARCH 14, 2023

# Governor's Proposed Funding Increase for Department of Justice Firearm-Related Workload

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PRESENTED TO: Assembly Budget Subcommittee No. 4 on State Administration  
Hon. Wendy Carrillo, Chair



LEGISLATIVE ANALYST'S OFFICE

# Summary of Governor's Firearm Workload Proposals

Workload	Proposed Resources	Description
<b>Recently Enacted Legislation</b>		
Chapter 76 of 2022 (AB 1621, Gipson)	21 positions (11 limited term) and \$2.8 million General Fund in 2023-24, declining to \$1.2 million annually in 2025-26	AB 1621 requires any person possessing an unserialized firearm, as well as new residents within 60 days of arrival in the state, to apply to DOJ for a unique identification mark. The legislation also modifies the definition of firearm precursor parts and generally prohibits the sale or possession of unserialized firearm precursor parts. DOJ seeks resources to address this increased workload.
Chapter 142 of 2022 (AB 2156, Wicks)	\$911,000 General Fund in 2023-24	AB 1621 prohibits any person from manufacturing firearms without being licensed by the state and requires people manufacturing between 4 and 49 firearms in a calendar year now be licensed. The legislation also prohibits any person who is not licensed as a firearm manufacturer from manufacturing any firearm or precursor part using a 3D printer. DOJ requests resources to update firearms systems to enforce these provisions.
Chapter 138 of 2022 (AB 228, Rodriguez)	5 positions and \$797,000 General Fund in 2023-24, declining to \$738,000 annually in 2024-25	AB 228 requires DOJ generally inspect firearm dealers at least every three years and audit a sampling of 25 percent to 50 percent of each record type. DOJ seeks resources to address this increased workload.
Chapter 696 of 2022 (AB 2552, McCarty)	1 limited-term position and \$408,000 (\$12,000 General Fund and \$396,000 DROS) in 2023-24, declining to \$191,000 (\$12,000 General Fund and \$179,000 DROS) annually in 2025-26	AB 2552 requires DOJ conduct enforcement and inspections at a minimum of one-half of all gun shows or events in the state, public posting of certain violations, and annual reporting to the Legislature on enforcement activities. Also authorizes inspection of any firearm precursor part vendors at gun shows or events. DOJ seeks resources to address this increased workload.
Chapter 995 of 2022 (SB 1384, Min)	1 limited-term position and \$177,000 DROS in 2023-24 and \$164,000 in 2024-25	AB 1384 requires licensed firearms dealers to have a digital video surveillance system on business premises and to carry a general liability insurance policy. DOJ seeks resources to develop regulations for dealers to certify these conditions are met.
<b>Other Workload</b>		
Firearm Compliance Support Section Workload	3 positions and \$342,000 General Fund in 2023-24, declining to \$307,000 annually in 2024-25	DOJ requests resources to support increased carry concealed weapons licensing and Automated Firearms System workload.
Microstamping and Law Enforcement Transfer <sup>a</sup>	5 positions and \$1.5 million General Fund in 2023-24, declining to \$1.1 million annually in 2026-27	DOJ requests additional resources, above the level provided as part of the 2021-22 budget, to complete changes to existing firearms databases in order to implement previously enacted legislation related to the microstamping of handguns and the tracking of unsafe handguns.
<sup>a</sup> Continued implementation of Chapters 289 of 2020 (AB 2699, Santiago) and 292 of 2020 (AB 2847, Chiu). DOJ = Department of Justice and DROS = Dealers Record of Sale Special Account.		

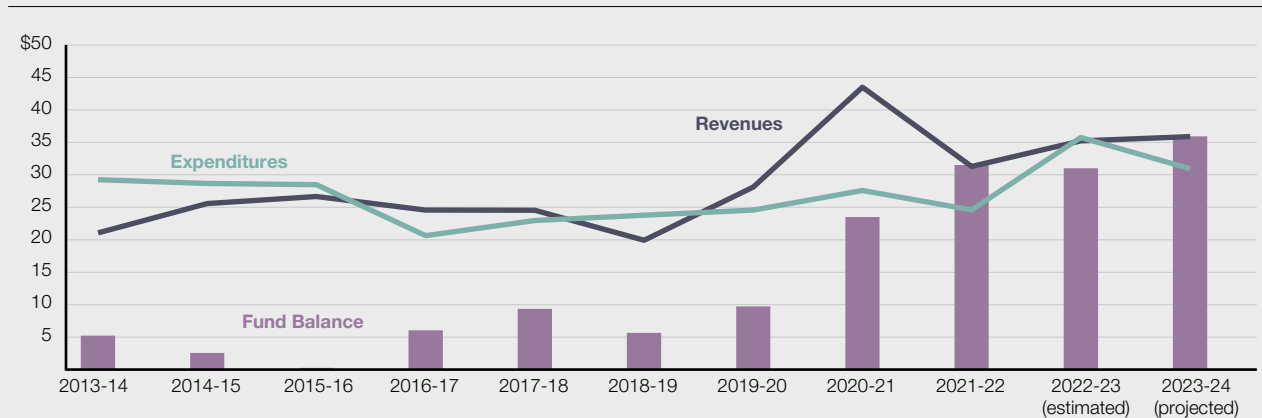


## Recommend Funding Proposals Entirely From Dealers Record of Sale (DROS) Special Account

- We recommend the Legislature approve the request for additional funding as such monies are needed to support increased workload and to implement enacted legislation.
- However, we recommend the Legislature reject the Governor’s approach to provide General Fund support to fund the proposals. Instead, we recommend funding the proposals entirely from the DROS Special Account as the proposed workload appears to be an allowable use of its revenues.
- The DROS Special Account has sufficient revenues and fund balance in the near-term to support the proposals. After a firearm purchase fee increase in 2019, DROS Special Account revenues have generally exceeded expenditures in recent years—currently by an estimated \$5 million. As shown in the figure, this allowed the fund balance to steadily increase and is expected to reach \$35.9 million at the end of 2023-24.

### DROS Special Account Fund Balance Increasing in Recent Years

(In Millions)



DROS = Dealers Record of Sale.

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## **Recommend Funding Proposals Entirely from Dealers Record of Sale (DRoS) Special Account**

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*(Continued)*

- Our recommendation would “free up” ongoing General Fund support relative to the Governor’s budget—\$6.3 million in 2023-24, declining to \$3.3 million annually beginning in 2026-27. This is helpful as the Legislature may prefer a different package of budget solutions than currently proposed by the Governor to balance the 2023-24 budget or may need to consider additional solutions given the heightened risk of revenue shortfalls as well as the projected out-year deficits that would occur under the Governor’s proposed budget.

