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**AB-2362 Firearms dealers: conduct of business.** (2019-2020)

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**Assembly Bill No. 2362**

**CHAPTER 284**

An act to amend, repeal, and add Section 26800 of the Penal Code, relating to firearms.

[ Approved by Governor September 29, 2020. Filed with Secretary of State September 29, 2020. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 2362, Muratsuchi. Firearms dealers: conduct of business.

Under existing law, a firearms dealer or licensee means a person who has a valid federal firearms license, has a regulatory or business license, has a valid seller's permit issued by the State Board of Equalization, has a certificate of eligibility issued by the Department of Justice, has a license granted by a duly constituted licensing authority of any city, county, or city and county, and is among those recorded in the centralized list of licensed firearms dealers kept by the department. Existing law regulates licensed firearms dealers and provides that a license is subject to forfeiture for a breach of specified prohibitions in existing law. Existing law establishes the Dealers' Record of Sale Special Account of the General Fund, into which various fees imposed upon licensed firearms dealers are deposited and which may be used by the department, upon appropriation, to offset specified costs.

This bill, commencing July 1, 2022, would authorize the department to impose a civil fine not exceeding \$1,000 for a violation of those prohibitions, and a civil fine not exceeding \$3,000 for a violation of those prohibitions when the licensee has received written notification from the department regarding the violation and fails to take corrective action, as specified, or the department determines the licensee committed the violation knowingly or with gross negligence. The bill would require these fines to be deposited into the Dealers' Record of Sale Special Account, to be available, upon appropriation, for expenditure by the department to offset the reasonable costs of specified firearms-related regulatory and enforcement activities. The bill would authorize the department to adopt regulations to carry out these provisions.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** Section 26800 of the Penal Code is amended to read:

**26800.** (a) A license under this chapter is subject to forfeiture for a violation of any of the prohibitions and requirements of this article, except those stated in the following provisions:

- (1) Subdivision (c) of Section 26890.
- (2) Subdivision (d) of Section 26890.
- (3) Subdivision (b) of Section 26900.

(b) This section shall become inoperative on July 1, 2022, and, as of January 1, 2023, is repealed.

**SEC. 2.** Section 26800 is added to the Penal Code, to read:

**26800.** (a) A license under this chapter is subject to forfeiture for a violation of any of the prohibitions and requirements of this article, except those stated in the following provisions:

(1) Subdivision (c) of Section 26890.

(2) Subdivision (d) of Section 26890.

(3) Subdivision (b) of Section 26900.

(b) The department may assess a civil fine against a licensee, in an amount not to exceed one thousand dollars (\$1,000), for any breach of a prohibition or requirement of this article that subjects the license to forfeiture under subdivision (a). The department may assess a civil fine, in an amount not to exceed three thousand dollars (\$3,000), for a violation of a prohibition or requirement of this article that subjects the license to forfeiture under subdivision (a), for either of the following:

(1) The licensee has received written notification from the department regarding the violation and subsequently failed to take corrective action in a timely manner.

(2) The licensee is otherwise determined by the department to have knowingly or with gross negligence violated the prohibition or requirement.

(c) The department may adopt regulations setting fine amounts and providing a process for a licensee to appeal a fine assessed pursuant to subdivision (b).

(d) Moneys received by the department pursuant to this section shall be deposited into the Dealers' Record of Sale Special Account of the General Fund, to be available, upon appropriation, for expenditure by the department to offset the reasonable costs of firearms-related regulatory and enforcement activities related to the sale, purchase, manufacturing, lawful or unlawful possession, loan, or transfer of firearms pursuant to any provision listed in Section 16580.

(e) This section shall become operative on July 1, 2022.