



CA DOJ – Hot Topics

**2024 Firearm Industry
Compliance Webinar Series**



Additional NSSF Compliance Resources

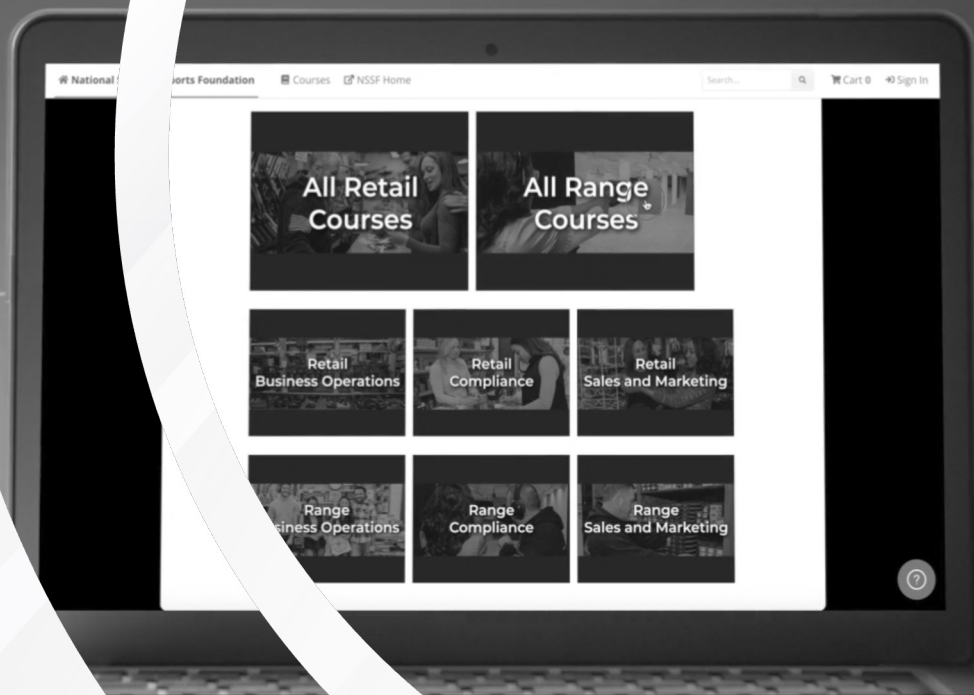
NSSF
The Firearm Industry
Trade Association

SHOT
UNIVERSITY™
NSSF online

Industry Compliance courses:

- “Zero Tolerance” Policy
- Winning at ATF Inspections
- Completing the Form 4473
- Multiple Sales Report
- and more

[NSSF.org/Education](https://nssf.org/Education)





CA DOJ – Hot Topics

**2024 Firearm Industry
Compliance Webinar Series**



Itinerary



- Security
- DROS Updates & Reminders
- Storage
- New Excise Tax
- Questions

Security Requirements

Any time when the licensee is not open for business; all firearms shall be secured using one of the following methods as to each particular firearm:

- (1) Store the firearm in a secure facility that is a part of, or that constitutes, the licensee's business premises.
- (2) 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.
- (3) Store the firearm in a locked fireproof safe or vault in the licensee's business premises.

NOTE: All firearms must be stored at the licensed location

Security Requirements continued

Doors

- (1) Windowless steel security door equipped with both a deadbolt and a doorknob lock
- (2) Windowed metal door equipped with both a deadbolt and a doorknob lock and window covered with steel bars or at least one-half inch diameter or metal grating of at least nine gauge affixed to the door



Security Requirements continued

Windows

All exterior windows and/or skylights must be secured with steel window guards, or metal bars with **openings not to exceed five inches when measured in any direction**



Security Requirements continued



Metal Grates/Bars

All exterior windows and/or skylights must be secured with steel window guards, or metal bars with **openings not to exceed five inches when measured in any direction**

Security Requirements continued

California PC 26806

(a) Commencing January 1, 2024, a licensee shall ensure that its business premises are monitored by a digital video surveillance system that meets all of the following requirements:

(1) The system shall clearly record images and, for systems located inside the premises, audio, of the area under surveillance.

(2) 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 all areas described in paragraph (3) and reasonably produce recordings that allow for the clear identification of any person.

(3) The areas recorded shall include, without limitation, all of the following:

(A) Interior views of all entries or exits to the premises.

(B) All areas where firearms are displayed.

(C) All points of sale, sufficient to identify the parties involved in the transaction.

(4) The system shall continuously record 24 hours per day at a frame rate no less than 15 frames per second.

(5) 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.

(6) Recordings shall be maintained for a minimum of one year.

(7) Recorded images shall clearly and accurately display the date and time.

(8) 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.



Note: California DOJ is not enforcing these new requirements pending a current lawsuit

Security Requirements continued

Anyone with access to firearms and/or ammunition must have a valid COE.

PC 26700, PC 26915, PC 30347

Note: Including bookkeeper, owner's children, spouses, friends helping out, etc.



DROS Updates & Reminders

Assault Weapons

- Dangerous Weapons Permits (DWP) are issued to an individual
- DWPs have specific conditions
- Assault Weapons (AW)s and Dangerous Weapons (DW)s must be stored separately from regular store inventory
- No AW without FFL having a DWP, including sales to LEAs and/or LEO
- No third party transfers of AW/DWs without DWP

STATE OF CALIFORNIA
BOF 030 (Rev. 01/2012)

DEPARTMENT OF JUSTICE
PAGE: 1 of 5

 **CALIFORNIA DEPARTMENT OF JUSTICE**
BUREAU OF FIREARMS
Dangerous Weapons License/Permit(s) Application 

LICENSE/PERMIT(S) DESIRED:

<input type="checkbox"/> Assault Weapon/.50 BMG Rifle Permit: (Pen. Code, §§ 31000, 31005)	<input type="checkbox"/> Machinegun Permit: (Pen. Code, §§ 32650, 32655)
<input type="checkbox"/> Short-Barreled Shotgun/Rifle Permit: (Pen. Code, §§ 33300, 33305)	<input type="checkbox"/> Machinegun License: (Pen. Code, §§ 32700 - 32715)
<input type="checkbox"/> Destructive Device Permit: (Pen. Code, §§ 16900, 16905)	

DROS Updates & Reminders

A&D Firearm Disposition

Remember: The only disposition options available for a firearm logged into you're A&D Book is:

- Dealer to Dealer
- Dealer to Law Enforcement Agency
- DROS
- Gunsmith Return (with no change of firearm and/or serial number)

DROS Updates & Reminders

Handgun and Firearm Safety Device (FSD) Rosters

- Veteran Affairs Officers are not Federal LEOs – No roster exemption
- Military members have no roster exemption
- FSD locks and/or safes must be on the approved Roster of FSDs Certified for Sale

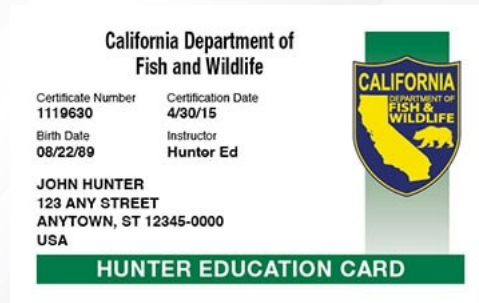


<https://oag.ca.gov/firearms/fsdcertlist/>

DROS Updates & Reminders

Immigrant Sales

- Print valid I-94 from US Immigration and Customs Enforcement (ICE) website
- Retain valid (@ time of delivery) Hunting License
- Hunting License is FSC exemption for long gun, but not for handgun purchase



DROS Updates & Reminders

DROS Transaction Types

Exempt handgun DROS when firearm is exempt:

- Single action
- Single shot exemption

Exempt handgun DROS when purchaser is exempt: LEO

Exempt handgun DROS when transaction is exempt: (Does not include PPT)

- Operation of Law
- Intrafamilial Transfer

C&R – use the C&R handgun or long gun DROS

DROS Updates & Reminders

Private Party Transfers (PPTs)

- All dealers are **required** to conduct PPTs as a condition of their license
- PPTs must be conducted during regular business hours
- **No restrictions** shall be made on customers completing a PPT(s)
- The PPT fee is the DROS fee (\$37.19) plus \$10 per firearm – **No additional fee may be charged**, including storage fees during the required background period

DROS Updates & Reminders

Abandoned Firearms

If the DROS transaction is a PPT or RTO, the abandoned firearm must be turned into law enforcement.



Suggested Steps to Eliminate Abandoned Firearms, other-than PPT or RTO:

1. Post your storage policy in your store and/or on your customer's sales receipt.
2. Send a letter requesting the customer return to claim their property within 60 days from the date of your letter. Send it certified/return receipt notice via the US Postal Service to the address on DROS. (Usually on day 31, once you've canceled the DROS) Begin your storage charges. This starts your 60-day window for firearm retention. Retain all paperwork including the delivery receipt.
3. Once, storage fees supersede firearm value, and you've held the firearm a minimum of 60 days from noticing the customer, move firearm into your A&D Book as an inventory firearm.

DROS Updates & Reminders

Manufacture Licensing

- California considers assembling firearms as manufacturing
- Assemble/build 4 or more serialized pieces (lower or completed firearm) in a year, you are required to be on Centralized List of Manufacturers (CLM) in addition to regular CL and FFL 07

Storage - Prohibited Storage

Acquired from LEA:

- Log into A&D Book (example: acquisition: XPD (owner name))
- Enter in DES as “storage”
- If purchased for inventory, complete FDAR in DES and hold 30 days
- When prohibition is over, firearm(s) must be DROSeD back to the owner, using the Temporary Storage Return option, or PPT to someone else as applicable

Storage - Prohibited Storage

Acquired from individual:

- Prohibition must have an end date
- Enter in DES as storage
- Complete court paperwork if applicable and give to the prohibited individual to return to court
- When prohibition is over, firearm(s) must be DROSeD back to the owner, using the Temporary Storage Return option, or PPT to someone else as applicable
- If purchased for inventory, complete FDAR in DES and hold 30 days



Storage - Voluntary Storage

Acquired From Individual:

- Log into A&D Book as storage
- Enter in DES as storage
- Temporary Storage Return DROS or PPT
- If purchased for inventory, complete FDAR in DES and hold 30 days



Special 11% Excise Tax

Who does what?

California Department of Justice (DOJ)

- Will verify you have a valid Seller's Permit
- If your Seller's Permit is revoked/expired you will be removed from Centralized List

California Department of Tax and Fee Administration (CDTFA)

- Will verify you have a valid Seller's Permit
- Will verify your firearm/precursor parts/ammo sales match your reported amount
- Will collect 11% excise tax on firearm/precursor parts/ammo sales

Special 11% Excise Tax

- Tax is applied at transfer of title - DROS delivery date

A sale takes place in the reporting period in which there is a transfer of title or possession (whichever occurs first) of the tangible personal property for a consideration. In the absence of an explicit title clause which passes title sooner, the sale is deemed to be made when possession of the property sold transfers to the purchaser.

- Transferring CFD is responsible to report and pay 11% special tax to the CDTFA on all firearms/precursor parts/ammo delivered on/after July 1, 2024.

If the transfer of title or possession is on or after July 1, 2024, the retail sale is subject to the CFET. For sales and use tax and FET purposes, the retailer would report the sale of the firearm during the period the sale was made. This is the case even if payment is received, and an invoice is issued, in the prior period.

Special 11% Excise Tax

- The excise tax is applied to service fees, including transfer fees, credit card fees, etc., excluding DROS and FSC fees

When a California Firearms Dealer (CFD) completes the registration and transfer paperwork and delivers a firearm, firearm precursor part, or ammunition to a California purchaser on behalf of either an out-of-state private party or an out-of-state Federal Firearms Licensed (FFL) retailer, the CFD is presumed to be the retailer of the firearm, firearm precursor part, or ammunition and generally owes the firearms, firearm precursor parts, and ammunition excise tax (FET) on the total amount of the sales price including any service charge, delivery, or handling fees but excluding the DROS fee.

Special 11% Excise Tax

Tax Calculation Example:

Firearm price	\$500.00
Dealer fee	30.00
Credit card fee	10.00
Gross receipts	<u>\$ 540.00</u>

<i>Sales tax due (8.5%* x \$540)</i>	<i>45.90</i>
<i>CET due (11% x \$540)</i>	<i><u>59.40</u></i>
<i>Total taxes assessed</i>	<i>105.30</i>

* 8.5% sales and use tax is used for demonstration only

Special 11% Excise Tax

California Firearm and Ammunition Excise Tax Exemptions

The following retail sales of firearm products are exempt from CFET, but are still subject to Sales and Use Tax:

- Sales to any active or retired peace officer or any law enforcement agency employing that peace officer
- Total gross receipts from the retail sales of firearms that are less than \$5,000 in any quarterly period

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