

SENATE BILL REPORT

SB 5099

As Reported by Senate Committee On:
Law & Justice, January 23, 2025

Title: An act relating to protecting the public from gun violence by establishing additional requirements for the business operations of licensed firearms dealers.

Brief Description: Protecting the public from gun violence by establishing additional requirements for the business operations of licensed firearms dealers.

Sponsors: Senators Lovick, Pedersen, Conway, Cortes, Dhingra, Frame, Lias, Nobles, Saldaña, Salomon, Slatter, Stanford, Valdez and Wilson, C..

Brief History:

Committee Activity: Law & Justice: 1/21/25, 1/23/25 [DPS-WM, DNP].

Brief Summary of First Substitute Bill

- Amends the definition of firearm dealer.
- Makes Washington State Patrol the regulatory agency responsible for processing firearm dealer license applications, ensuring firearm dealer compliance with state law, and revocations of state firearm dealer licenses.
- Amends the fees associated with firearm dealer licenses and license renewal applications.
- Requires specific training for firearm dealers and their employees.

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: That Substitute Senate Bill No. 5099 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Dhingra, Chair; Trudeau, Vice Chair; Lovick, Salomon and

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Valdez.

Minority Report: Do not pass.

Signed by Senators Holy, Ranking Member; Fortunato, Torres and Wagoner.

Staff: Joe McKittrick (786-7287)

Background: Firearm Dealers. A firearm dealer (dealer) is a person engaged in the business of selling firearms at wholesale or retail who is required to maintain a federal firearms license (FFL). A person is not considered a dealer if the person makes only occasional sales, exchanges, or purchases of firearms for the enhancement of a personal collection or hobby or sells all or part of their personal collection.

No dealer may sell or transfer any firearm or ammunition without being licensed. To obtain a state firearm dealer's license, an applicant must first receive an FFL and undergo fingerprinting and a background check.

Firearm Dealer Licensing. Firearm dealer licenses are processed at the local level, and in most circumstance, the local licensing authority must grant or deny a firearm dealer license within 30 days. Such licensing authorities must grant licenses in forms prescribed by the director of licensing and must forward a copy of each license granted to the Department of Licensing. Once granted, the firearm dealer's license is effective for up to one year from the date of issuance, and as a condition of licensure, dealers must annually certify to the local licensing authority that the dealer is in compliance with each statutory licensure requirement.

Employees of Firearm Dealers. Employees of a dealer who may sell firearms must be at least 21 years of age, and undergo fingerprinting and an annual background check. Such employees must be eligible to possess a firearm and must not have been convicted of a crime that would make the employee ineligible to obtain a concealed pistol license. Each employee must comply with all requirements of purchasing applications and restrictions on delivery of firearms that are applicable to dealers.

Firearm Dealer Business Location Requirements. Except for gun shows, dealers must conduct business at the building designated on the dealer's license. Dealers must secure the exterior doors and windows of their business locations with bars or grates, security screens, or commercial grade metal doors designed to prevent unauthorized entry. Dealers must also secure their business locations with a security alarm system which must be:

- monitored by a remote central station that can contact law enforcement;
- capable of real-time monitoring of exterior doors and windows and all firearm storage areas; and
- equipped with detectors that can perceive entry, motion, and sound.

Dealers must also ensure their business locations are monitored by a digital surveillance

system meeting certain requirements, including:

- monitoring: (1) interior views of all exterior doors, windows, and any other points of ingress or egress; (2) all areas where firearms are displayed; and (3) all points of sale in a manner sufficient to identify the parties to any transaction;
- maintaining recordings of points of sale and areas where firearms are stored for a period of 90 days, and all other required areas for a period of 45 days; and
- providing notice to the dealer of any interruption or failure of the system.

Summary of Bill (First Substitute): Definition. The definition of dealer is amended. Dealer means a person who, or business that, has engaged in the wholesale or retail sale of firearms, frames, or receivers, or who has, or is required to have, a FFL. Dealer does not include persons or businesses that have sold ten or fewer firearms, frames, or receivers, either finished or unfinished, in a 12-month period.

Firearm Dealer's License Applications. Washington State Patrol (WSP), rather than local licensing authorities, is made the state-wide agency for processing all firearm dealer licenses. Persons applying for a license must complete the application as provided by WSP rule, and a valid license application must include:

- a completed application form;
- a copy of the applicant's valid Washington State driver's license or state identification card;
- a copy of the lease or deed for the intended business site;
- the required documents for opening a business in the locality;
- the application fee;
- a copy of the required insurance policy;
- the completed fingerprinting and background checks; and
- any other materials required by WSP.

WSP must create and publish to its public website a firearm dealer's license application checklist outlining each required element of a complete firearm dealer's license application. Ninety days prior to the expiration of a currently valid dealer's license, WSP must notify the dealer of the license expiration date. WSP may not accept a license renewal application submitted after the expiration of the dealer's license. Dealers who timely submit a sufficient renewal application may continue to engage in business until WSP has acted upon the annual certification. An annual certification is sufficient if it includes information necessary to show that the applicant is eligible for state license renewal. WSP must act upon annual certifications no later than 60 days of receipt of the application.

No person may qualify for a license who has had a permit or license to sell, lease, transfer, purchase, or possess a firearm or ammunition from the federal government or any state, or a subdivision of any state revoked, suspended, or denied for reasons other than filing an incomplete or incorrect application within five years before submitting an application. Firearm dealers' licenses are non-transferable.

Firearm Dealer Training. WSP must develop training, or approve training courses provided by other entities, for firearm dealers and their employees which must include instruction on the following:

- state and federal laws governing the sale and transfer of firearms and ammunition;
- recognizing and identifying straw purchasers, trafficking, and fraudulent activity;
- indicators that a person is attempting to purchase a firearm illegally;
- recognizing and identifying indicators that a person intends to use a firearm for unlawful purposes;
- recognizing and identifying indicators that a person intends to use a firearm for self-harm;
- preventing theft or burglary of firearms and ammunition;
- responding to the circumstances described above and any applicable reporting requirements;
- teaching consumers rules of firearm safety; and
- any other reasonable business practices WSP determines will deter firearm trafficking or the unlawful use of firearms.

Once such training is developed or approved, WSP must post and maintain a notification to its public website informing state license holders that such training is available. Within 90 days of WSP posting notification that the required training is available, and annually thereafter, dealers and their employees, volunteers, and contractors must complete this required training. Employees, volunteers, and contractors hired after the effective date of this act must complete this required training within 90 days of WSP posting notification that the required training is available and annually thereafter unless granted an extension by WSP. The license holder must maintain records of each employee's, volunteer's, and contractor's training and must make such records available to WSP during on-site inspections.

Firearm Dealers' Employees. Dealers must require every employee who may sell, handle, or possess a firearm or ammunition to undergo state and federal fingerprinting and a background check in advance of engaging in the sale or transfer of firearms or ammunition and to undergo an annual state and federal background check thereafter. Employees may not engage in the sale of firearms until the employee complies with the training requirements outlined above.

If a dealer knows or suspects that an employee is involved in the theft of a firearm from the dealer's business, the dealer must report the theft to WSP within 48 hours of learning of the theft.

Licensing Fees. The licensing fees for firearm dealers' licenses are amended. The initial license fee is \$500. License renewal fees are scheduled in relation to the average yearly sales quantity of the dealer over the previous three years, or, if the dealer has not been in business for three years, based upon the average sales quantity over the period of time the dealer has been in business. License renewal fees are scheduled as follows:

- 0 to 50 firearms sold yearly, \$125;

- 51 to 250 firearms sold yearly, \$250;
- 251 to 750 firearms sold yearly, \$500;
- 751 to 1000 firearms sold yearly, \$1,000; and
- Over 1000 firearms sold yearly, \$1,500.

WSP may establish a reduced fee for license renewal applications and must annually review the initial licensing and renewal fees and may adjust those fees based on the costs of administering firearm dealer licensing program. WSP may not adjust fees more than once per year and may not adjust the fees by more than 20 percent each year.

Washington State Patrol Inspections. WSP must conduct on-site inspections of 10 percent of state license holders' places of business annually to ensure compliance with the requirements to hold a state license and may conduct reasonable, periodic, and unannounced inspections of dealers' places of business during the business's regular posted hours.

Revocation of Firearm Dealers' Licenses. WSP is vested with the authority to adopt rules for the implementation of this act but may not promulgate rules that alter the eligibility criteria for obtaining a license. WSP must revoke a state license if the license holder:

- no longer holds a valid FFL;
- knowingly employs a person who does not meet the requirements listed above;
- is or becomes prohibited from possessing or purchasing firearms under state or federal law; or
- is convicted of any felony under state or federal law, any state or federal law that prohibits the person from purchasing or possessing a firearm or ammunition, or trafficking or aiding and abetting trafficking of firearms under federal law.

Except as provided for above, if WSP finds a dealer has failed to comply with the requirements for dealers under Washington law or any other state or federal law for which the penalty includes potential revocation of the dealer's FFL, WSP may respond as follows:

- for a first offense, WSP may issue a warning or impose fines and issue a warning that includes a description of the offense and the penalty for subsequent offenses; and
- for a second or subsequent offense, in addition to fines and warnings, WSP may suspend or revoke the dealer's state license.

A dealer whose license is revoked solely because the person no longer holds a valid FFL may apply for a new state license any time after obtaining a valid FFL. A dealer whose state license is revoked because the person no longer holds a valid FFL or who knowingly employs a person who does not meet the statutory requirements may not apply for a new state license until five years after the revocation.

WSP may revoke a firearm dealer's license if the license holder unreasonably refuses to allow WPS to conduct an on-site inspection, either announced or unannounced, or unreasonably refuses to permit WSP to inspect records. WSP must report any violations of firearm dealer's statutory responsibilities to the Bureau of Alcohol, Tobacco, Firearms, and

Explosives.

The denial or revocation of a dealer's license is subject to the requirements and procedures of the Washington Administrative Procedure Act.

Washington State Patrol Report. By December 1, 2026, and annually thereafter, WSP must submit a report to the Legislature about firearm dealer licensing in the prior state fiscal year which must include:

- the number of license applications received, granted, and denied;
- the number of inspections conducted;
- the number of warnings issued to dealers for violating the statutory requirements and the basis for the warnings;
- the amount of fee money collected; and
- the total amounts spent on licensing costs and inspections.

The report may include demographic and geographic information of persons who applied for licenses, including whether the application was granted and persons whose licenses were revoked. The report must be made available to the public no later than 90 days after submission to the Legislature.

Firearm Licensing Account. The firearm licensing account is created in the state treasury. All firearm licensing fees must be deposited into the account, and moneys in the account may only be used for the purposes of implementing the requirements of this act.

EFFECT OF CHANGES MADE BY LAW & JUSTICE COMMITTEE (First Substitute):

- Requires WSP to create and publish to its public website a firearm dealer's application checklist.
- Requires WSP to post a notification to its public website informing firearm dealers of the availability of the required training.
- Requires firearm dealers and their employees to complete the required training within 90 days of WSP posting a notification that such training is available.
- Makes a technical grammatical correction.

Appropriation: None.

Fiscal Note: Requested on January 9, 2025.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a*

different version of the bill than what was heard. PRO: This is about preventing tragedies before they happen by equipping Washington State Patrol with the tools to ensure firearm dealers comply with the law. States with strong firearm dealer license enforcement see fewer firearms stolen from dealers. These measures are common sense requirements. Each theft prevented could mean a life saved. Gun violence has come to define our youngest generations. This will save lives. Too many firearms fall into the hands of dangerous individuals through theft and straw purchases. This ensures accountability and safer communities. We cannot continue to accept gun violence as the status quo. These measures will help address the issue of gun violence in Washington. Dealers play a critical role as gatekeepers and a direct effect on whether guns are redirected into the illegal market. These dealers should be held to the highest standard. By requiring reasonable safety measures this bill will fill the gaps left by federal law. Guns amplify dangerous situations. Firearm dealers have a responsibility to ensure guns do not fall into the wrong hands. This bill will reduce firearm crime by increasing scrutiny on firearm dealers. Irresponsible and negligent business practices of firearm dealers are the root cause of firearm violence in this state. Federal regulators are understaffed, and this bill will help ensure firearm dealers are engaging in responsible business practices.

CON: Only 2.5 percent of firearms stolen in the United States are stolen from licensed firearm dealers. The total number of firearms stolen across the country has decreased year over year. Only 1.3 percent of firearms used in crimes were stolen from firearm dealers. This will only serve to put licensed firearm dealers in Washington out of business. Washington State Patrol has already struggled to process firearm background checks and requiring the Washington State Patrol to do inspections and license reviews will only invite more failure. Licensed firearm dealers already make extensive efforts to ensure compliance with the law. This bill is based on assumptions about firearm dealers and only produces more discrimination against the industry. The regulations passed by the Legislature last year will cost firearm dealers tens of thousands of dollars, and this bill only adds to those costs. Last year's regulations have not even gone into effect yet and the Legislature is already considering adding more. Overregulation and heightened fees will affect small dealers. This bill only adds to the burden already placed on firearm dealers. This doesn't address the root cause of gun violence. Firearm dealers work diligently to ensure they do not sell firearms to those who are misusing them. This is not the answer. This bill only creates another unfunded bureaucracy within the Washington State Patrol and will serve as a death sentence for small firearm dealers. Firearm dealers have a vested interest in protecting their inventory, staff, and communities. The right to bear arms includes the right to supply arms. The intent of this bill is to destroy the lawful access to firearms. Anyone who sells firearms must obtain a federal firearm license. Some firearm dealers only process transfers of firearms between private citizens, and this bill will put those small dealers out of business. The rights retained under the Second Amendment are not second-class rights.

OTHER: After passage of the bill last session increasing the regulations on firearm dealers, those dealers have been working diligently to comply with the law, even before it goes into effect, and now this bill aims to add even more regulations and training requirements. Some

larger dealers may have hundreds of sales associates, and this bill may require those dealers to subject those employees to yearly fingerprinting and background checks.

Persons Testifying: PRO: Senator John Lovick, Prime Sponsor; Niko Battle; Robert Schentrup, BRADY; Isaiah Lenard; Stephen Lindley, Brady United; Kate Stockert, Moms Demand Action; Ann Madsen; Ian Taylor.

CON: Troy Nichols, NSSF - National Shooting Sports Foundation; Sheriff Mark Crider (kry-der), Walla Walla County Sheriff ; Hiedi Mitchell, Sporting Systems; Jeremy Ball, Sharp Shooting Indoor Range and Gun Shop; Dan Mitchell, WA Civil Rights Association ; Teddy Chow.

OTHER: Mark Johnson, Washington Retail Association; Anderson Kim.

Persons Signed In To Testify But Not Testifying: No one.