



GUN DEALER REGULATIONS AND LICENSING

WHY IT MATTERS

Gun dealers are the critical link between gun manufacturers and the general public. Although they supply the majority of guns sold to the public, including guns eventually recovered in crimes, gun dealers are subject to few federal regulations and weak enforcement. As a consequence, corrupt gun dealers represent a major source of guns trafficked to dangerous and criminal individuals, either directly or through straw purchasers (who buy guns for individuals who are prohibited from buying them) and gun traffickers (who purchase guns to resell on the black market). Guns lost or stolen from dealers who fail to responsibly secure their weapons inventories are also a major source of guns on the black market.

THE FACTS

- An analysis of trafficking investigations by ATF found that federally licensed dealers and pawnbrokers were associated with at least 40,000 trafficked guns in just a two-and-a-half year period.
- Between 2004 and 2011, federally licensed dealers reported roughly 175,000 firearms missing from their inventories.
- As a result of inadequate staffing, ATF was unable to inspect more than 90% of federally licensed dealers in 2009. On average, dealers are inspected only once a decade.
- 86% of Americans support requiring gun dealers to inspect their inventories every year to report stolen or missing guns. 88% support requiring dealers to keep all guns securely locked to prevent theft. 74% support requiring dealers to videotape all gun sales. And 91% support requiring gun stores to perform background checks on employees.

DEALER REGULATIONS ARE IMPORTANT



1%

OF LICENSED GUN DEALERS
SELL ALMOST



60%

OF GUNS FOUND AT CRIME
SCENES AND TRACED TO
A DEALER.



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THE DETAILS

FEDERAL LAW

Federal law makes it unlawful for any person except a licensed dealer to engage in the business of dealing in firearms, although this definition does not include a person who only makes “occasional sales.” Once licensed, federal law requires dealers to:

- Initiate background checks on unlicensed firearm purchasers.
- Maintain records of the acquisition and sale of firearms.
- Report the sale of two or more handguns to an unlicensed person within five consecutive business days.
- Report the theft or loss of a firearm within 48 hours after the theft or loss is discovered.

ATF is responsible for overseeing whether federally licensed dealers are complying with federal law. However, ATF faces numerous obstacles and has historically been grossly underfunded and understaffed.

STATE LAW

Half of the states (and DC) have filled the gaps in federal dealer laws by enacting their own regulations. Fifteen of these states have enacted the strongest versions of these laws by requiring dealers to obtain a state license. Other states stop short of requiring a license but impose requirements such as:

- Requiring all gun dealers to obtain a state and/or local license and undergo a background check.
- Prohibiting dealers in residential and sensitive neighborhoods.
- Requiring dealers’ employees to undergo background checks.
- Requiring dealers to take anti-theft security precautions (such as safe storage requirements, alarm systems, and limitations on the display of firearms).
- Requiring posted warnings to consumers regarding safe storage of firearms.
- Requiring dealers to report the theft or loss of firearms to state or local authorities.
- Requiring ammunition sellers be licensed.

OTHER PROVISIONS

Other provisions that should be included in a comprehensive dealer licensing law include:

- Requiring dealers to report all firearm sales to state and local law enforcement and provide law enforcement with a physical inventory of all firearms at least annually.
- Requiring dealers to obtain liability insurance to ensure that persons harmed by the dealers’ actions will be adequately compensated.

ABOUT THE LAW CENTER TO PREVENT GUN VIOLENCE

Founded in the wake of the July 1, 1993, assault weapon massacre at 101 California Street in San Francisco that left eight dead and six wounded, the Law Center to Prevent Gun Violence is now the premier resource for legal expertise and information regarding state and federal firearms laws. We track and analyze gun laws in all 50 states, file amicus briefs in Second Amendment cases across the country, and work with lawmakers and advocates to craft and promote legislation that will reduce gun violence and save lives. We regularly partner with law firms and nonprofit organizations dedicated to combating the epidemic of gun violence in our country, and we invite you to learn more about our work by visiting our website or connecting with us on social media.