

**CALIFORNIA DEPARTMENT OF JUSTICE**

**TITLE 11. LAW  
DIVISION 5. FIREARMS REGULATIONS  
CHAPTER 10. AMMUNITION**

**STD 399 ATTACHMENT A**

**Economic Impact Statement  
Section B – Estimated Costs**

**B.1**

Business Costs

Firearms dealers and ammunition vendors are already charging the \$1.00 Certificate of Eligibility (COE) Verification Process fee (Cal. Code Regs., tit. 11, § 4285) and the \$1.00 Standard Ammunition Eligibility Check (SAEC) fee (Cal. Code Regs., tit., § 4282). Increasing the fee to \$5.00 does not impose any additional costs on these businesses.

Individual Costs

The cost to an individual depends on the number of ammunition purchases the person makes in a year. If an individual elects to purchase all their ammunition for the entire year at once, their annual cost will increase from \$1.00 to \$5.00.

<b>COE Verification Process</b>	<b>Cost per Transaction</b>	<b>Estimated Annual Transactions</b>	<b>Estimated Annual Cost</b>
COE	\$1.00 current	1,586	\$1,586
COE	\$5.00 proposed	1,586	\$7,930
Difference	\$4.00	n/a	\$6,344

<b>SAEC</b>	<b>Cost per Transaction</b>	<b>Estimated Annual Transactions</b>	<b>Estimated Annual Cost</b>
SAEC	\$1.00 current	1,036,056	\$1,036,056
SAEC	\$5.00 proposed	1,036,056	\$5,180,280
Difference	\$4.00	n/a	\$4,144,224

The Department does not anticipate that an annual increase of \$4.00 is likely to deter individuals from buying ammunition, although there may be some marginal impact on ammunition sales.

## **Fiscal Impact Statement**

### **Section B - Fiscal Effect on State Government**

The initial costs of implementing the ammunition authorization program required the Department to incur a debt of \$25 million from the State's General Fund, as authorized by Penal Code section 30371. These initial program costs include personal services, operating expenses and equipment, system enhancements, infrastructure, and other costs. This debt will need to be repaid, with interest, as stipulated by the authorizing statute.

The 2023 Budget Act approved a second loan for the ammunition authorization program, including two payments of \$4.3 million. The first payment was received in FY 23/24, and the second payment is expected in FY 24/25.

The Department estimates the annual fee revenues will be \$5,292,824 per year. This calculation is based on an estimated 1,036,056 SAECs (@\$5.00), 1,586 COE verifications (@\$5.00), and 5,506 Basic Ammunition Eligibility Checks (@\$19.00).<sup>1</sup>

<b>Revenues and Spending</b>	<b>FY 24/25</b>	<b>FY 25/26</b>	<b>FY 26/27</b>
Annual fee revenues	\$1,142,256	\$5,292,824	\$5,292,824
24/25 GF Loan	\$4,300,000		
Annual fiscal expenses	\$4,520,000	\$4,661,000	\$4,661,000
Funds to Reserves	\$922,256	\$631,824	\$631,824

The above calculations were made without the inclusion of any loan repayments, which will depend on the stability of the fund and revenue trends.

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<sup>1</sup> The Basic Ammunition Eligibility Check fee is \$19.00, as authorized by Penal Code section 30370, subdivision (c). (Cal. Code Regs., tit. 11, § 4283.) This fee is not modified by this regulation package.

The annual fiscal expenses are broken down in the following chart.

<b>Year-to-Year Cost for the Ammunition Authorization Program</b>			
<b><i>Annual Fiscal Expense</i></b>			
<b>Projected Fiscal Detail Expenditures</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>
<b>Personal Services</b>			
Salaries	\$ 2,193,000	\$ 2,268,000	\$ 2,268,000
Staff Benefit	\$ 1,095,000	\$ 1,133,000	\$ 1,133,000
Total Personal Services	\$ 3,288,000	\$ 3,401,000	\$ 3,401,000
<b>Operating Expense &amp; Equipment</b>			
Standard Compliment	\$ 458,000	\$ 458,000	\$ 458,000
Departmental Services	\$ 587,000	\$ 604,000	\$ 604,000
Total Operating Expense & Equipment	\$ 1,045,000	\$ 1,062,000	\$ 1,062,000
<b>Other Costs</b>			
Credit Card Processing Fees - First Data and American Express Contracts	\$ 59,000	\$ 59,000	\$ 59,000
Total Other Costs	\$ 59,000	\$ 59,000	\$ 59,000
<b>Total State Operation Cost</b>	<b>\$ 4,392,000</b>	<b>\$ 4,522,000</b>	<b>\$ 4,522,000</b>
<b>Other Cost to the Fund</b>			
Pro-Rata	\$ 128,000	\$ 139,000	\$ 139,000
Total Other Cost to the Fund	\$ 128,000	\$ 139,000	\$ 139,000
<b>Grand Total Expenditure</b>	<b>\$ 4,520,000</b>	<b>\$ 4,661,000</b>	<b>\$ 4,661,000</b>