



Legislative Fiscal Office
83rd Oregon Legislative Assembly
2025 Regular Session

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Bill Title: Relating to gun dealer licenses; declaring an emergency.

Government Unit(s) Affected: Department of Corrections, Judicial Department, Department of Justice, Department of State Police, Cities, Oregon Youth Authority, Criminal Justice Commission, District Attorneys, Counties, Public Defense Commission

Summary of Fiscal Impact

2025-27 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Department of Justice	\$ 3,694,355	\$ -		\$ -	\$ 3,694,355	11	7.63
Total Fiscal Impact	\$ 3,694,355	\$ -	\$ -	\$ -	\$ 3,694,355	11	7.63

2027-29 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Department of Justice		\$ -	\$ 4,102,420	\$ -	\$ 4,102,420	10	9.50
Total Fiscal Impact	\$ -	\$ -	\$ 4,102,420	\$ -	\$ 4,102,420	10	9.50

- The table above does not include the Other Funds expenditure limitation necessary to expend General Fund deposited by the measure into the Firearm Dealer License Fund. While the expenditure limitation will need to be established to properly budget for the impact of the measure if it is adopted, it is not reflected in the table to avoid duplication of expenses.

Summary of Revenue Impact

Revenue related to the measure are indeterminate at this time - see explanatory analysis.

Measure Description

The measure requires the Department of Justice (DOJ) to issue state firearms dealer licenses beginning July 1, 2027, if a dealer sells more than 251 firearms per year and does not hold only a Type 02 Federal Firearms License and beginning July 1, 2028, for all dealers. The measure defines the term "dealer" and allows DOJ to establish and collect a state license application fee to reimburse the department for the costs of the program. Fees are to be deposited into the Firearm Dealer License Fund, which is established as separate and distinct from the General Fund. The fund will consist of moneys deposited into the fund by DOJ for issuing the state firearm dealer licenses on a fee schedule specified in the measure or any other moneys that the Legislative Assembly appropriates to the fund. Moneys in the fund are continuously appropriated to DOJ for purposes of carrying out the licensing program.

Additionally, DOJ must conduct on-site inspections of each license holder's place of business every four years to ensure compliance with the licensing requirements. DOJ must develop a training course, or approve training courses provided by other entities, for licensees and their employees, volunteers, or contracted employees to complete within 30 days of being issued a state license, as part of the licensing requirement. DOJ is allowed to

adopt rules and take any other action before the operative date of the measure to meet the requirements of the measure.

The measure requires all dealers who sell firearms, frames, receivers and unfinished frames and receivers within Oregon on and after July 1, 2028 to be licensed by DOJ. Any dealer who submits a sufficiently completed application to DOJ prior to July 1, 2028 may continue to engage in their normal operations until DOJ makes a determination on their application. Additionally, the measure makes specified requirements for the storage of and display of firearms within their place of business and requirements for the building to have at least one specified feature to prevent unauthorized entry into their place of business.

The measure also creates a new crime of a person who is a dealer and knowingly sells firearms without a valid license as committing a Class C felony.

Lastly, DOJ is required to submit a report to the Legislative Assembly concerning firearm dealer licensing by July 15, 2027. The report must include the number of applications received, including renewals, the number of licenses granted, the number of licenses revoked and the reason, the number of licensee inspections conducted, the number of warnings issued, the amount of fees collected, and the total amount spent by DOJ for licensing and inspection costs.

Fiscal Analysis

The fiscal impact is estimated to be \$3.7 million General Fund and 11 positions (7.63 FTE) in the 2025-27 biennium and \$4.1 million Other Funds and 10 positions (9.50 FTE) in the 2027-29 biennium.

Department of Justice

Under the measure, DOJ is required to create and regulate a licensing program and issue licenses to firearm dealers. In order to create and manage the program, DOJ anticipates needing 11 total positions. DOJ plans to bring on the positions in the following phase-ins:

- **Information technology:** One permanent full-time Information Systems Specialist 7 position (0.75 FTE in 2025-27 and 1.00 FTE in 2027-29), two limited duration Information Systems Specialist 7 positions (1.38 FTE in 2025-27), one limited duration Information Systems Specialist 6 position (0.63 FTE in 2025-27), and one limited duration Information and Systems Specialist 5 position (0.75 FTE in 2025-27).
- **Program development and implementation:** One permanent full-time Investigations Manager 1 position (0.75 FTE in 2025-27 and 1.00 FTE in 2027-29), one permanent full-time Senior Assistant Attorney General position (0.88 FTE in 2025-27 and 1.00 FTE in 2027-29), one permanent full-time Compliance Specialist 3 position (0.88 FTE in 2025-27 and 1.00 FTE in 2027-29), one permanent full-time Administrative Specialist 2 position (0.38 FTE in 2025-27 and 1.00 FTE in 2027-29), and one permanent full-time Operations and Policy Analyst 3 position (0.88 FTE in 2025-27 and 1.00 FTE in 2027-29).
- **Processing licensure applications:** One permanent full-time Compliance Specialist 2 position (0.38 FTE in 2025-27 and 1.00 FTE in 2027-29).
- **Licensing program operational:** When the program becomes operational in 2027, one Investigator 3, one Governmental Auditor 2, and one Criminal Investigator (0.50 FTE in 2027-29 and 1.00 FTE in 2029-31) will be added to complete hiring for the program, but none of these positions are budgeted in 2025-27.

The estimated cost of these positions, including standard position-related services and supplies costs, is \$3.7 million General Fund in the 2025-27 biennium and \$4.1 million Other Funds in the 2027-29 biennium. These costs include one-time system development costs of \$400,000 General Fund in the 2025-27 biennium and on-going software costs of \$17,000 per month, or \$408,000 per biennium.

The measure also allows for DOJ to collect a licensing fee based on size and structure of the firearms dealer. According to DOJ, there are an estimated 1,100 firearm dealers within the state that would be required to be licensed under this measure. The revenue from these fees collected is estimated to be \$286,000 in 2027-29. DOJ must annually review the fees for licenses issued or renewed after July 1, 2028 and can annually adjust the fee based on the cost of carrying out the program but must not adjust any fee by more than 20% per year. There will not be enough fee revenue available to cover initial costs, so General Fund is requested.

The Legislative Fiscal Office (LFO) notes that the number of applicants for a license and the revenue DOJ will collect is indeterminate. DOJ cannot predict the cash flow for the license program, and if passage of the measure would result in a significant early surge of applicants that initially builds up fee revenue but then tapers off into relatively few per year it could be substantively different than if the applicant requests remain lower but relatively consistent over time. In either scenario, it appears that the fee revenue is unlikely to cover the costs of the program without significant fees being assessed, and this will be made more acute when considering that permits are valid for three years, and General Fund may be required in future biennia to support the programs cash flow.

Other entities

There is a minimal fiscal impact to District Attorneys, Department of Corrections, Department of State Police, Public Defense Commission, and the Oregon Judicial Department.

There is no fiscal impact to the Criminal Justice Commission, Oregon Youth Authority, and counties.

Relevant Dates

The measure takes effect on the 91st day after sine die.

The provisions regarding the licensing program become operative on July 1, 2027 or July 1, 2028, depending on the characteristics of license holders.