

## Research on State Firearm Dealer Regulations

### *An Evidence-Based Policy that Saves Lives*

State firearm dealer regulation policies and programs are enforcement measures designed to oversee federally licensed firearms dealers (FFLs) and prevent illegal firearm trafficking. State regulations can serve as a complement to federal regulation of FFLs under the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) to ensure inspection targets are met.

#### **Effective state firearm dealer regulations typically require:**

- A state or local dealer license to sell firearms in addition to the federal firearms license.<sup>1</sup>
- Maintenance and retention of firearm acquisition, inventory, and sales records.<sup>2,3</sup>
- Prompt firearm theft reporting.<sup>4,5</sup>
- Regular compliance inspections/audits by law enforcement agencies.<sup>6,7</sup>
- Store security measures to prevent firearm theft.<sup>8,9</sup>

#### **State Regulations Close Federal Gaps**

Although the ATF is authorized to inspect FFLs annually, its stated goal is to conduct inspections only once every three years.<sup>10,11</sup> Even this more modest target has not been met, largely due to ongoing resource shortages and enforcement gaps. These shortcomings have resulted in some FFL dealers having gone over a decade without being inspected. Notably, a 2023 report found that 2,275 active FFLs had last been inspected before 2012.<sup>12</sup>

Between 2018 and 2020, the ATF missed 44% of its annual inspection targets and failed to complete 56% of follow-up inspections for serious violations.<sup>13</sup> More recent data from 2022 revealed that the ATF inspected just 5% of FFLs that year (6,979 inspections out of 136,563 active FFLs); violations were discovered in half of the inspections, but only 1% of FFL licenses were revoked.<sup>14</sup> Even after an increase in compliance efforts under the Biden Administration in 2024, inspection rates rose only slightly—just 7.5% of FFLs were inspected (9,696 inspections out of 128,690 active FFLs).<sup>15</sup>

State-level dealer regulations can close gaps in federal law by enhancing law enforcement oversight of FFLs.



## State Enforcement Efforts Have Proven Effective in Reducing Gun Trafficking

FFLs can play a major role in diverting guns to illegal markets.<sup>16,17</sup> Phone surveys of licensed gun dealers have found that 20% to 50% were willing to make an illegal sale.<sup>18</sup> Additionally, a 2012 study that analyzed ATF firearm trace data and gun trafficking investigations found that although FFLs were involved in only 6% of gun trafficking investigations, FFLs were responsible for 47% of all firearms linked to the investigations (55,088 out of 117,138 guns).<sup>19,20</sup>

Cities in states with comprehensive gun dealer regulations and oversight experienced an estimated 64% reduction in intrastate gun trafficking.<sup>21</sup> In response to high-profile shootings in New York City, undercover stings were conducted on 55 gun dealers across seven states. 27 dealers were caught facilitating illegal sales and subsequently sued. Most agreed to settlements requiring surveillance, inventory checks, and enhanced compliance monitoring. An analysis found an 84.2% decrease in the likelihood of guns sold post-lawsuit would be recovered by police.<sup>22</sup>

A single dealer linked to most of Milwaukee's crime guns voluntarily changed its sales practices, resulting in a 76% reduction in the flow of new guns to criminals and a 44% decrease in new crime guns citywide.<sup>23,24</sup>

When Illinois adopted state dealer licensing and Illinois State Police started conducting inspections of FFL dealers the number of firearms stolen from FFLs decreased from 291 in 2020 to 8 in 2024.<sup>25</sup>

***State dealer licensing laws are an effective public safety strategy to reduce gun violence and prevent firearms from falling into the wrong hands.***

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<sup>1</sup> Webster DW, Vernick JS, Bulzacchelli MT. (2009). Effects of State-Level Firearm Seller Accountability Policies on Firearm Trafficking. *Journal of Urban Health*. <https://doi.org/10.1007/s11524-009-9351-x>

<sup>2</sup> Webster DW, Vernick JS, Bulzacchelli MT. (2009). Effects of State-Level Firearm Seller Accountability Policies on Firearm Trafficking. *Journal of Urban Health*. <https://doi.org/10.1007/s11524-009-9351-x>

<sup>3</sup> Vernick JS, Webster DW, Bulzacchelli MT, & Mair JS. (2006). Regulation of Firearm Dealers in the United States: An Analysis of State Law and Opportunities for Improvement. *Journal of Law, Medicine, & Ethics*. <https://doi.org/10.1111/j.1748-720X.2006.00097.x>

<sup>4</sup> Webster DW, Vernick JS, Bulzacchelli MT. (2009). Effects of State-Level Firearm Seller Accountability Policies on Firearm Trafficking. *Journal of Urban Health*. <https://doi.org/10.1007/s11524-009-9351-x>