

116TH CONGRESS
1ST SESSION

H. R. 2674

To enhance safety and security at federally licensed gun shops, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 10, 2019

Mr. MORELLE (for himself, Mr. PAYNE, Mr. HASTINGS, Ms. NORTON, Mr. KRISHNAMOORTHY, Ms. SCHAKOWSKY, and Mr. HIGGINS of New York) introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To enhance safety and security at federally licensed gun shops, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Gun Theft Prevention Act”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Gun shop security measures.

Sec. 3. Repeal of prohibition on use of funds to implement rule requiring physical inventory by Federal firearms licensees.

Sec. 4. Inspections.

- Sec. 5. Employee background checks.
- Sec. 6. Gun store thefts.
- Sec. 7. Civil enforcement.
- Sec. 8. No effect on State laws governing dealing in firearms.
- Sec. 9. Repeal of prohibition on denial of Federal firearm license due to lack of business activity.
- Sec. 10. Repeal of limitations relating to use of firearms trace data.
- Sec. 11. Lost and stolen reporting requirement.
- Sec. 12. Report on implementation of this Act.
- Sec. 13. Deadline for issuance of final regulations.

1 **SEC. 2. GUN SHOP SECURITY MEASURES.**

2 (a) REGULATIONS.—

3 (1) IN GENERAL.—Section 926 of title 18,
4 United States Code, is amended by adding at the
5 end the following:

6 “(d) The Attorney General shall prescribe such regu-
7 lations as are necessary to ensure that any premises at
8 which a licensed dealer deals in firearms are secure from
9 theft, which shall include requiring—

10 “(1) compliance with the security plan sub-
11 mitted by the licensed dealer pursuant to section
12 923(d)(1)(G);

13 “(2) the use of locked metal cabinets and fire-
14 proof safes;

15 “(3) security systems, video monitoring, and
16 anti-theft alarms;

17 “(4) security gates, strong locks, and site hard-
18 ening; and

19 “(5) concrete bollards and other access controls,
20 if necessary.”.

1 (2) TRANSITION RULE.—The regulations pre-
2 scribed under section 926(d)(1) of title 18, United
3 States Code, shall not apply to a person who, on the
4 date of the enactment of this Act, is a licensed deal-
5 er (as defined in section 921(a)(11) of such title),
6 until the earlier of—

7 (A) the date the person complies with sub-
8 section (b)(2) of this section; or

9 (B) the end of the 1-year period that be-
10 gins with the date regulations are prescribed
11 under section 926(d) of such title.

12 (b) SECURITY PLAN SUBMISSION REQUIREMENT.—

13 (1) IN GENERAL.—Section 923(d)(1)(G) of
14 such title is amended by inserting “the applicant
15 submits with the application a security plan that de-
16 scribes how the applicant will secure, in accordance
17 with the regulations issued under section 926(d), the
18 premises from which the applicant will conduct busi-
19 ness under the license (including in the event of a
20 natural disaster or other emergency), and the appli-
21 cant certifies that, if issued such a license, the appli-
22 cant will comply with the plan” before the period.

23 (2) TRANSITION RULE.—A person who, on the
24 date of the enactment of this Act, is a licensed deal-
25 er (as defined in section 921(a)(11) of title 18,

1 United States Code) and whose license to deal in
2 firearms, issued under chapter 44 of such title, will
3 not expire before the end of the 1-year period that
4 begins with the date regulations are prescribed
5 under section 926(d) of such title, shall submit to
6 the Attorney General a plan of the type described in
7 section 923(d)(1)(G) of such title not later than the
8 end of that 1-year period. Any plan so submitted
9 shall be considered to be submitted pursuant to such
10 section 923(d)(1)(G), for purposes of such sections
11 923(g)(6)(B) and 926(d).

12 (c) ANNUAL SECURITY PLAN COMPLIANCE CERTIFI-
13 CATION REQUIREMENT.—

14 (1) IN GENERAL.—Section 923 of title 18,
15 United States Code, is amended by adding at the
16 end the following:

17 “(m)(1) Each licensed dealer shall annually certify to
18 the Attorney General that each premises from which the
19 licensed dealer conducts business subject to license under
20 this chapter is in compliance with the regulations pre-
21 scribed under section 926(d), and include with the certifi-
22 cation the results of a reconciliation of the firearms inven-
23 tory of the licensed dealer with the firearms inventory at
24 the time of the most recent prior certification (if any)

1 under this paragraph, including a report of any missing
2 firearms.

3 “(2) The Attorney General may impose a civil money
4 penalty of not more than \$5,000 on, and may suspend
5 the license to deal in firearms issued under this section
6 to, a licensed dealer who fails to comply with paragraph
7 (1).”.

8 (2) **TRANSITION RULE.**—The amendment made
9 by paragraph (1) of this subsection shall not apply
10 to a person who, on the date of the enactment of
11 this Act, is a licensed dealer (as defined in section
12 921(a)(11) of title 18, United States Code), until
13 the end of the 1-year period that begins with the
14 date person complies with subsection (b)(2) of this
15 section.

16 (d) **EFFECTIVE DATE.**—The amendments made by
17 this section shall take effect 1 year after the date of the
18 enactment of this Act.

19 **SEC. 3. REPEAL OF PROHIBITION ON USE OF FUNDS TO IM-**
20 **PLEMENT RULE REQUIRING PHYSICAL IN-**
21 **VENTORY BY FEDERAL FIREARMS LICENS-**
22 **EES.**

23 The matter under the heading “Bureau of Alcohol,
24 Tobacco, Firearms and Explosives—Salaries and Ex-
25 penses” in title II of division B of the Consolidated and

1 Further Continuing Appropriations Act, 2013 (Public
2 Law 113–6; 127 Stat. 248) is amended by striking the
3 5th proviso.

4 **SEC. 4. INSPECTIONS.**

5 (a) **ELIMINATION OF LIMIT ON ANNUAL INSPEC-**
6 **TIONS OF LICENSEES.**—Section 923(g)(1)(B)(ii) of title
7 18, United States Code, is amended by striking “—” and
8 all that follows through “(II)”.

9 (b) **MANDATED ANNUAL INSPECTIONS OF HIGH**
10 **RISK LICENSED DEALERS, TRIENNIAL INSPECTIONS OF**
11 **OTHER LICENSED DEALERS.**—Section 923(g)(1)(B) of
12 such title is amended by adding after and below the end
13 the following flush sentence: “The Attorney General shall,
14 without such reasonable cause or warrant, annually in-
15 spect or examine the inventory, records, and business
16 premises of each licensed dealer whom the Attorney Gen-
17 eral regards as a high risk dealer (based on the consider-
18 ations used to do so as of the date of the enactment of
19 this sentence), and triennially inspect or examine the in-
20 ventory, records, and business premises of each other li-
21 censed dealer. Within 6 months after an inspection under
22 this subparagraph reveals a violation of this section or any
23 regulation prescribed under this chapter, and within 6
24 months after a security inspection conducted under para-
25 graph (6)(B)(i) of this subsection, the Attorney General

1 shall conduct an inspection to determine whether the viola-
2 tion identified in the preceding inspection has been
3 cured.”

4 (c) **AUTHORITY TO HIRE ADDITIONAL INDUSTRY**
5 **OPERATION INVESTIGATORS FOR BATFE.**—The Attorney
6 General may hire 650 Industry Operation Investigators
7 for the Bureau of Alcohol, Tobacco, Firearms and Explo-
8 sives, in addition to any personnel needed to carry out this
9 Act and any Industry Operation Investigators authorized
10 by other law.

11 **SEC. 5. EMPLOYEE BACKGROUND CHECKS.**

12 (a) **REQUIREMENTS.**—

13 (1) **BACKGROUND CHECK REQUIRED BEFORE**
14 **FIREARM POSSESSION BY DEALER EMPLOYEE.**—Sec-
15 tion 923(g) of title 18, United States Code, is
16 amended by adding at the end the following:

17 “(8) A licensed dealer shall not allow an employee
18 of the licensed dealer to possess a firearm at a premises
19 from which the licensed dealer conducts business subject
20 to license under this chapter unless—

21 “(A) the licensed dealer has contacted the na-
22 tional instant criminal background check system es-
23 tablished under section 103 of the Brady Handgun
24 Violence Prevention Act for information about

1 whether it would be unlawful for the individual to
2 receive a firearm; and

3 “(B) the system has notified the licensee that
4 the information available to the system does not
5 demonstrate that the receipt of a firearm by the in-
6 dividual would violate subsection (g) or (n) of sec-
7 tion 922 or State law.”.

8 (2) BACKGROUND CHECKS REQUIRED BEFORE
9 ISSUANCE OR RENEWAL OF DEALER LICENSE.—Sec-
10 tion 923(c) of such title is amended by inserting
11 after the 1st sentence the following: “Notwith-
12 standing the preceding sentence, the Attorney Gen-
13 eral may not issue or renew a license to deal in fire-
14 arms unless the Attorney General has contacted the
15 national instant criminal background check system
16 established under section 103 of the Brady Handgun
17 Violence Prevention Act for information about
18 whether it would be unlawful for any employee of
19 the applicant for the license or renewal, identified by
20 the applicant as having the responsibility to receive
21 a firearm, for information about whether it would be
22 unlawful for the employee to receive a firearm, and
23 the system has notified the Attorney General that
24 the information available to the system does not
25 demonstrate that the receipt of a firearm by the em-

1 ployee would violate subsection (g) or (n) of section
2 922 or the law of the State in which the business
3 premises of the applicant subject to the license is lo-
4 cated.”.

5 (3) EFFECTIVE DATE.—The amendments made
6 by this subsection shall take effect on the date that
7 is 1 year after the date of the enactment of this Act.

8 (b) AUTHORITY OF NICS SYSTEM TO RESPOND TO
9 LICENSED DEALER REQUEST FOR CRIMINAL BACK-
10 GROUND CHECK OF EMPLOYEE OR PROSPECTIVE EM-
11 PLOYEE.—Section 103(b) of the Brady Handgun Violence
12 Prevention Act (34 U.S.C. 40901(b)) is amended by add-
13 ing at the end the following: “The Attorney General shall
14 ensure that the system responds to any request received
15 by the system from a licensed dealer for information on
16 whether receipt of a firearm by an employee or prospective
17 employee of the licensed dealer would violate such section
18 922 or State law.”.

19 **SEC. 6. GUN STORE THEFTS.**

20 (a) IN GENERAL.—Section 923(g)(6) of title 18,
21 United States Code, is amended—

22 (1) by inserting “(A)” after “(6)”; and

23 (2) by adding at the end the following:

24 “(B)(i) Within 30 days after the Attorney General
25 receives a report from a licensed dealer pursuant to sub-

1 paragraph (A) of this paragraph of the theft of a firearm,
2 the Attorney General shall conduct an independent inspec-
3 tion of the security of the premises at which the theft oc-
4 curred, which may include an inspection of the measures
5 taken to implement the security plan submitted by the li-
6 censed dealer pursuant to subsection (d)(1)(G).

7 “(ii) On completion of the security inspection, the At-
8 torney General shall provide the licensed dealer with—

9 “(I) a notice of any violation by the licensed
10 dealer of any security requirements prescribed under
11 section 926(d); and

12 “(II) recommendations for improving security
13 of the premises involved.”.

14 (b) EXEMPTION OF STOLEN FIREARMS FROM PROD-
15 UCT LIABILITY.—Section 4(4) of the Protection of Lawful
16 Commerce in Arms Act (15 U.S.C. 7903(4)) is amended
17 by inserting “, except any such firearm the theft of which
18 is required by section 923(g)(6)(A) of such title to be re-
19 ported” before the period.

20 **SEC. 7. CIVIL ENFORCEMENT.**

21 Section 923 of title 18, United States Code, as
22 amended by section 2(c)(1) of this Act, is amended by
23 adding at the end the following:

24 “(n) In the case of a licensed dealer who the Attorney
25 General has found to be in violation of a regulation pre-

1 scribed under section 926(d), to not have implemented a
2 corrective action required by the Attorney General at the
3 completion of a security inspection conducted under sub-
4 section (g)(6)(B)(i) of this section within 30 days after
5 the date of the inspection, or to be in violation of sub-
6 section (g)(8) of this section—

7 “(1) the Attorney General shall—

8 “(A) if the violation is not a result of gross
9 negligence by the licensed dealer—

10 “(i) in the case of the 1st such viola-
11 tion of the law or regulation by the li-
12 censed dealer, if not preceded by a viola-
13 tion to which subparagraph (B) applies,
14 transmit to the licensed dealer a written
15 notice specifying the violation, which shall
16 include a copy of the provision of law or
17 regulation violated and a plan for how to
18 cure the violation;

19 “(ii) in the case of the 2nd such viola-
20 tion by the licensed dealer, if not preceded
21 by a violation to which subparagraph (B)
22 applies, impose a civil money penalty in an
23 amount that is not less than \$2,500 and
24 not more than \$20,000;

1 “(iii) in the case of the 3rd such viola-
2 tion by the licensed dealer, if not preceded
3 by a violation to which subparagraph (B)
4 applies, suspend the license to deal in fire-
5 arms issued to the licensed dealer under
6 this chapter until the violation ceases;

7 “(iv) in the case of the 4th such viola-
8 tion by the licensed dealer, whether or not
9 preceded by a violation to which subpara-
10 graph (B) applies, revoke that license; or

11 “(v) in the case of any such violation
12 by the licensed dealer, if preceded by a vio-
13 lation to which subparagraph (B) applies,
14 apply the penalty authorized under this
15 subsection that is 1 level greater in sever-
16 ity than the level of severity of the penalty
17 most recently applied to the licensed dealer
18 under this subsection; or

19 “(B) if the violation is a result of such
20 gross negligence—

21 “(i) in the case of the 1st such viola-
22 tion by the licensed dealer, impose a civil
23 money penalty in an amount that is not
24 less than \$2,500 and not more than
25 \$20,000;

1 “(ii) in the case of the 2nd such viola-
2 tion by the licensed dealer—

3 “(I) impose a civil money penalty
4 in an amount equal to \$20,000; or

5 “(II) suspend the license to deal
6 in firearms issued to the licensed deal-
7 er under this chapter until the viola-
8 tion ceases; or

9 “(III) revoke that license; or

10 “(iii) in the case of the 3rd or subse-
11 quent such violation by the licensed dealer,
12 apply the penalty authorized under this
13 subsection that is 1 or 2 levels greater in
14 severity than the level of severity of the
15 penalty most recently applied to the li-
16 censed dealer under this subsection; and

17 “(2) in the case of any such violation, if the At-
18 torney General finds that the nature of the violation
19 indicates that the continued operation of a firearms
20 business by the licensed dealer presents an imminent
21 risk to public safety, the Attorney General shall, not-
22 withstanding paragraph (1), immediately suspend
23 the license to deal in firearm issued to the licensed
24 dealer under this chapter and secure the firearms in-

1 ventory of the licensed dealer, until the violation
2 ceases.”.

3 **SEC. 8. NO EFFECT ON STATE LAWS GOVERNING DEALING**
4 **IN FIREARMS.**

5 Nothing in this Act shall be interpreted to preclude
6 a State from imposing or enforcing any requirement relat-
7 ing to dealing in firearms (as defined in section 921(a)(3)
8 of title 18, United States Code).

9 **SEC. 9. REPEAL OF PROHIBITION ON DENIAL OF FEDERAL**
10 **FIREARM LICENSE DUE TO LACK OF BUSI-**
11 **NESS ACTIVITY.**

12 The matter under the heading “Bureau of Alcohol,
13 Tobacco, Firearms and Explosives—Salaries and Ex-
14 penses” in title II of division B of the Consolidated and
15 Further Continuing Appropriations Act, 2013 (18 U.S.C.
16 923 note; Public Law 113–6; 127 Stat. 248) is amended
17 by striking the 6th proviso.

18 **SEC. 10. REPEAL OF LIMITATIONS RELATING TO USE OF**
19 **FIREARMS TRACE DATA.**

20 (a) The matter under the heading “Bureau of Alco-
21 hol, Tobacco, Firearms and Explosives—Salaries and Ex-
22 penses” in title I of division B of the Consolidated and
23 Further Continuing Appropriations Act, 2012 (18 U.S.C.
24 923 note; Public Law 112–55; 125 Stat. 609–610) is
25 amended by striking the 6th proviso.

1 (b) The 6th proviso under the heading “Bureau of
2 Alcohol, Tobacco, Firearms and Explosives—Salaries and
3 Expenses” in title II of division B of the Consolidated Ap-
4 propriations Act, 2010 (18 U.S.C. 923 note; Public Law
5 111–117; 123 Stat. 3128–3129) is amended by striking
6 “beginning in fiscal year 2010 and thereafter” and insert-
7 ing “in fiscal year 2010”.

8 (c) The 6th proviso under the heading “Bureau of
9 Alcohol, Tobacco, Firearms and Explosives—Salaries and
10 Expenses” in title II of division B of the Omnibus Appro-
11 priations Act, 2009 (18 U.S.C. 923 note; Public Law 111–
12 8; 123 Stat. 574–576) is amended by striking “beginning
13 in fiscal year 2009 and thereafter” and inserting “in fiscal
14 year 2009”.

15 (d) The 6th proviso under the heading “Bureau of
16 Alcohol, Tobacco, Firearms and Explosives—Salaries and
17 Expenses” in title II of division B of the Consolidated Ap-
18 propriations Act, 2008 (18 U.S.C. 923 note; Public Law
19 110–161; 121 Stat. 1903–1904) is amended by striking
20 “beginning in fiscal year 2008 and thereafter” and insert-
21 ing “in fiscal year 2008”.

22 (e) The 6th proviso under the heading “Bureau of
23 Alcohol, Tobacco, Firearms and Explosives—Salaries and
24 Expenses” in title I of the Science, State, Justice, Com-
25 merce, and Related Agencies Appropriations Act, 2006

1 (18 U.S.C. 923 note; Public Law 109–108; 119 Stat.
2 2295–2296) is amended by striking “with respect to any
3 fiscal year”.

4 (f) The 6th proviso under the heading in title I of
5 division B of the Consolidated Appropriations Act, 2005
6 (18 U.S.C. 923 note; Public Law 108–447; 118 Stat.
7 2859–2860) is amended by striking “with respect to any
8 fiscal year”.

9 (g) Section 644 of title VI of division J of the Con-
10 solidated Appropriations Resolution, 2003 (5 U.S.C. 552
11 note; Public Law 108–7; 117 Stat. 473–474) is amended
12 by striking “or any other Act with respect to any fiscal
13 year”.

14 **SEC. 11. LOST AND STOLEN REPORTING REQUIREMENT.**

15 (a) IN GENERAL.—Section 922 of title 18, United
16 States Code, is amended by adding at the end the fol-
17 lowing:

18 “(aa) The owner of a firearm shall report the theft
19 or loss of the firearm, within 30 days after the owner be-
20 comes aware of the theft or loss, to the Attorney General
21 and to the appropriate local authorities.”.

22 (b) CIVIL PENALTY.—Section 924 of such title is
23 amended by adding at the end the following:

24 “(q) Whoever violates section 922(aa) shall be fined
25 not more than \$1,000 in a civil proceeding.”.

1 **SEC. 12. REPORT ON IMPLEMENTATION OF THIS ACT.**

2 Within 2 years after the date of the enactment of this
3 Act, the Attorney General shall submit to the Congress
4 a written report on the implementation of this Act and
5 the amendments made by this Act, including any remain-
6 ing steps that are necessary to complete the implementa-
7 tion, which shall also identify any additional resources that
8 are required to conduct regular inspections and to ensure
9 that this Act and the amendments made by this Act are
10 enforced against noncompliant firearm dealers in a timely
11 manner.

12 **SEC. 13. DEADLINE FOR ISSUANCE OF FINAL REGULA-**
13 **TIONS.**

14 Within 1 year after the date of the enactment of this
15 Act, the Attorney shall prescribe, in final form, all regula-
16 tions required to carry out this Act and the amendments
17 made by this Act.

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