



FACT SHEET

# Enhancing Oversight of Gun Dealers in Illinois

January 22, 2016

**Bottom line:** While the vast majority of gun dealers are responsible business owners that operate in good faith to secure their potentially dangerous inventory, a small number of bad actors are responsible for diverting guns into the illegal secondary market. These guns often end up being used in crimes throughout Illinois. The Illinois Legislature should enhance state oversight of gun dealers to fill gaps in federal regulation of the gun industry and to help ensure that guns do not flow from bad actors into vulnerable communities.

## Bad-actor gun dealers are a source of guns used in crimes in Illinois

Nearly every gun that is used in a crime starts out as a legal gun that was at one point part of the inventory of a licensed gun dealer.<sup>1</sup> Gun dealers therefore have a substantial responsibility to ensure control over their inventory and to adopt best practices that minimize the risk that guns will be illegally diverted into the secondary marketplace.

- A substantial number of guns go missing from gun dealers' inventory each year. In 2014 alone, more than 19,000 guns were reported lost or stolen from licensed gun dealers nationwide.<sup>2</sup>
- Between 2004 and 2011, investigators from the Bureau of Alcohol, Tobacco, Firearms and Explosives, or ATF, discovered that more than 175,000 guns were unaccounted for during gun-dealer compliance inspections across the country.<sup>3</sup>
- Guns that go missing from dealers pose a serious risk to public safety. These guns often end up being used in crimes and are difficult to trace when recovered by law enforcement because there is no record of how the guns left the dealers' inventory.<sup>4</sup>



A person is killed with a gun in Illinois every eight hours. In 2014 alone, there were 1,179 gun deaths in the state.<sup>13</sup>

- A small number of gun dealers are responsible for the majority of guns that end up being used in crime in Illinois.
  - A 2014 study by the Chicago Police Department and Office of the Mayor found that four local dealers were the source of nearly 20 percent of the guns recovered in connection with crime in Chicago between 2009 and 2013.<sup>5</sup>
  - These four dealers supplied more than 3,000 crime guns during this period; all other dealers that were the source of recovered guns supplied an average of three crime guns each.<sup>6</sup>

### Gaps in federal oversight of gun dealers leave Illinois communities vulnerable

Gun dealers are required to obtain a license from the ATF and are subject to regulatory oversight by that agency.<sup>7</sup> However, a combination of restrictive federal laws and budgetary shortfalls have dramatically limited ATF's ability to effectively oversee the nation's gun dealers to ensure they are in compliance with all applicable laws and regulations and adopt best practices to ensure control over their dangerous inventory.

- In 2014, ATF conducted 10,429 compliance inspections of gun dealers, accounting for roughly 13 percent of all commercial gun dealers in operation that year.<sup>8</sup>
- An investigation of ATF's gun-dealer inspection program found that between 2007 and 2012, more than 58 percent of licensed gun dealers had not been inspected for more than five years.<sup>9</sup>
- ATF cannot make up for resource gaps that prevent regular compliance inspections by requiring dealers to regularly check their own inventory against sales to ensure that all guns are accounted for. Since 2004, a restrictive appropriations rider has prevented the agency from requiring dealers to conduct this type of annual inventory.<sup>10</sup>

### State-level licensing for gun dealers fills federal gaps

State-level gun-dealer licensing fills these gaps in federal regulation of the industry and effectively reduces the illegal diversion of guns from dealers. While ATF has the primary responsibility for overseeing and regulating the gun industry, states have the authority to enact state-level gun-dealer licensing statutes that provide an additional level of regulatory oversight.

- 15 states have enacted laws requiring gun dealers operating in the state to obtain a state license.
- 10 additional states have enacted other laws relating to the operation of gun dealers, such as mandatory security measures or required warnings to purchasers.<sup>11</sup>

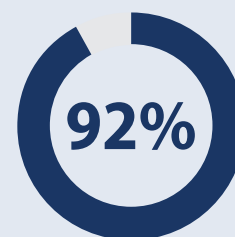


Between 2009 and 2013, four local gun dealers were the source of nearly 20 percent of crime guns recovered in Chicago.<sup>14</sup>

- Research has found that state laws regulating the conduct of gun dealers help reduce illegal gun trafficking. A 2009 study of 54 U.S. cities found that cities in states with strong laws regulating gun dealers experienced lower levels of intrastate gun trafficking.<sup>12</sup>

Illinois should improve oversight and help reduce illegal gun trafficking through the implementation of state gun-dealer licensing

A comprehensive approach to state gun-dealer licensing would include inspections by law enforcement to ensure compliance with all federal and state laws and regulations, background checks for all employees, mandatory video surveillance and security requirements, and restrictions on where these businesses are permitted to operate.



92 percent of Illinois voters support requiring state licenses for gun dealers.<sup>15</sup>

## Endnotes

- 1 U.S. Department of the Treasury, *Following the Gun: Enforcing Federal Laws Against Firearms Traffickers* (2000), p. iii, available at <https://www.atf.gov/sites/default/files/assets/Firearms/chap1.pdf>.
- 2 Bureau of Alcohol, Tobacco, Firearms and Explosives, *FFL Thefts/Losses United States* (U.S. Department of Justice, 2014), available at <https://www.atf.gov/file/3331/download>.
- 3 Office of the Inspector General, *Review of ATF's Federal Firearms Licensee Inspection Program* (U.S. Department of Justice, 2013), p. 2, available at <http://www.justice.gov/oig/reports/2013/e1305.pdf>.
- 4 Arkadi Gerney and Chelsea Parsons, "Lost and Stolen Guns from Gun Dealers" (Washington: Center for American Progress, 2013), available at <https://cdn.americanprogress.org/wp-content/uploads/2013/06/GerneyInventoryBrief-1.pdf>.
- 5 City of Chicago Office of the Mayor and Chicago Police Department, "Tracing the Guns: The Impact of Illegal Guns on Violence in Chicago" (2014), available at <http://www.chicagobusiness.com/Assets/downloads/20151102-Tracing-Guns.pdf>.
- 6 Ibid.
- 7 18 U.S.C. § 922(a)(1)(A).
- 8 Bureau of Alcohol, Tobacco, Firearms and Explosives, "Fact Sheet: Federal Firearms Compliance Inspections," Press release, February 1, 2015, available at <https://www.atf.gov/resource-center/pr/federal-firearms-compliance-inspections>. The 13 percent figures cited in the text is based on Center for American Progress analysis, which excluded the more than 62,000 licensed firearms collectors who are not subject to compliance inspections. Information from Bureau of Alcohol, Tobacco, Firearms and Explosives, *Report of Active Firearms Licenses - License Type by State Statistics* (U.S. Department of Justice, 2014), available at <https://www.atf.gov/file/18206/download>.
- 9 This number includes all types of federal firearms licensees. Office of the Inspector General, *Review of ATF's Federal Firearms Licensee Inspection Program*.
- 10 Winnie Stachelberg, Arkadi Gerney, and Chelsea Parsons, "Blindfolded, and with One Hand Tied Behind the Back" (Washington: Center for American Progress, 2013), available at <https://cdn.americanprogress.org/wp-content/uploads/2013/03/GunRidersBrief-7.pdf>.
- 11 Law Center to Prevent Gun Violence, "Dealer Regulations Policy Summary," available at <http://smartgunlaws.org/dealer-regulations-policy-summary/> (last accessed January 2016).
- 12 Daniel W. Webster, Jon S. Vernick, and Maria T. Bulzacchelli, "Effects of State-Level Firearm Seller Accountability Policies on Firearm Trafficking," *Journal of Urban Health* 86 (4): 525-537, available at <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2704273/>.
- 13 Center for American Progress analysis based on data from the Centers for Disease Control and Prevention. See Centers for Disease Control and Prevention, "WISQARS (Web-based Injury Statistics Query and Reporting System)," available at <http://www.cdc.gov/injury/wisqars/fatal.html> (last accessed January 2016).
- 14 City of Chicago Office of the Mayor and Chicago Police Department, "Tracing the Guns."
- 15 Greenberg Quinlan Rosner Research, "Illinois Council Against Handgun Violence" (2013), available at <http://www.ichv.org/wp-content/uploads/2015/03/ICHV-Poll-with-demographics.pdf>.