

LFC Requester:

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AGENCY BILL ANALYSIS – 2026 SESSION

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SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 05FEB25 *Check all that apply:*
Bill Number: SB17S Original Correction
Amendment Substitute

Sponsor: Sen. M. Debbie O'Malley, Rep. Andrea Romero
Short Title: Stop Illegal Gun Trade
Agency Name and Code: 790 – Department of Public Safety
Person Writing: Matthew Broom, Deputy Chief
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
\$0.00	\$0.00		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
\$0.00	\$0.00	\$0.00		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Ongoing	0.0	\$1,598.5	\$1,598.5	\$3,197	Recurring	GF
One-Time	\$874.0	\$0.0	\$0.0	\$874.0	Nonrecurring	GF
Total	\$874.0	\$1,598.5	\$1,598.5	\$4,071.0		GF

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

The SJC Substitute for Senate Bill 17 (SB 17) creates the Stop Illegal Gun Trade and Extremely Dangerous Weapons Act to require licensed firearms dealer security measures to prevent theft and loss of firearms; employee training; records maintenance; and reporting of crime gun traces, multiple firearm sales, thefts, and losses. It additionally prohibits the sale or transfer of certain specified dangerous weapons and devices to an unlicensed person.

Key Provisions

1. Dealer Security Requirements – Firearm dealers must implement enhanced physical security measures, as determined by DPS rule, by December 1, 2026, including measures requiring:

- Monitored alarm systems
- Hardened doors/windows and site security
- Video surveillance at entrances, exits, and points of sale (with recordings kept for at least two years)
- Additional reasonable measures to prevent burglaries and theft during shipment

NOTE: DPS will have the authority to exempt or tailor these requirements for home-based and smaller dealers by rule under Section 3(B).

2. Dealer Employee Standards – Gun dealer employees must comply with the following:

- Be 21 years of age or older
- Pass a background check (using the National Instant Criminal Background Check System, when it becomes federally permitted)
- Take mandatory initial and annual training developed by DPS covering firearm laws, straw purchases, theft prevention, gun safety, and suicide prevention

3. Recordkeeping Requirements - Dealers must:

- Securely maintain transaction and inventory records required by ATF regulations

- Securely retain ATF Form 4473 records for the life of the business
- Conduct monthly inventory checks
- Securely maintain records of inventory checks and criminal traces initiated by the ATF, as well as responses thereto
- Provide records to law enforcement upon request
- Transfer above records to DPS upon discontinuation of the business, which shall maintain the records for a period to be prescribed by the Department

NOTE: The identities and contact information of individuals identified in information obtained by state government agencies pursuant to the Act will be protected from public disclosure pursuant to Section 5(B).

4. Mandatory Reporting – Dealers must:

- Report transactions involving multiple firearm sales within a period of 5 business days to DPS within 24 hours of the last sale
- Report firearm thefts or losses within 48 hours
- Respond to law enforcement requests within 24 hours
- Submit a quarterly report to DPS on total number of trace requests received
- Submit an annual report to DPS on sales and transaction data

5. Prohibition on sale of “Extremely Dangerous Weapons” – Beginning July 1, 2026, dealers may not sell or transfer to unlicensed persons:

- Magazines holding more than 10 rounds
- .50 caliber rifles and ammunition
- Gas-operated semiautomatic firearms that accept detachable magazines
- Gas-operated semiautomatic firearms with fixed magazines over 10 rounds
- Machine guns

NOTE: Numerous exemptions apply to this prohibition, including exceptions for:

- Antique firearms
- Most bolt-action, lever-action, pump-action, single-shot, and low-capacity firearms
- Single- or double-action recoil-based handguns (which cover the vast majority of handguns)
- Law enforcement, military, tribal governments, and licensed dealers/manufacturers

6. Inspections and Compliance – Dealers must:

- Certify annual compliance to DPS
- Submit to an inspection at least once every three years

NOTE: DPS shall publish annual public reports on inspections, compliance, and crime gun tracing. DPS must also create rules limiting the discretion of the Department to conduct unannounced inspections.

7. Required Consumer Notices – Dealers and gun shows must post signs warning about:

- Safe storage laws and child access penalties

- Background check requirements
- Straw purchase criminal penalties
- Suicide prevention resources

8. Penalties

- Violations related to sale of extremely dangerous weapons shall be a misdemeanor
- Violations of other provisions shall result in civil penalties (\$200 first offense, up to \$1,000 for subsequent offenses), unless otherwise noted.

FISCAL IMPLICATIONS

SB 17 designates DPS as the primary implementing agency for rulemaking, training development, inspections, reporting, and ongoing oversight of federally licensed firearms dealers. Actual costs will depend on program design decisions, including the training delivery model, inspection protocols, and information technology requirements.

Based on review of comparable dealer-oversight models in other jurisdictions, DPS estimates implementing SB 17 would require \$1,598,500 in recurring funding to support staffing, statewide inspections, training delivery, and development and maintenance of secure data systems once the program is fully up in running in 2027.

Recurring Costs:

Personnel – \$980,000 annually

DPS would require approximately 6.75 additional FTEs, including a program manager, sworn compliance and inspection officers, a firearms policy and training specialist, IT support, administrative support, and partial legal support once the program is fully up in running in 2027. Personnel costs include salary, benefits, and employer-paid contributions.

Operating Costs – \$410,000 annually

Recurring operating expenses include statewide travel for inspections, training materials and delivery, IT system licensing and hosting, system maintenance, outreach, and compliance assistance once the program is fully up in running in 2027.

Indirect Costs – \$208,500 annually

Indirect and shared-services costs are estimated at approximately 15 percent of direct recurring costs and include human resources, finance, procurement, facilities, fleet, and enterprise IT support once the program is fully up in running in 2027.

Total Recurring Costs: \$1,598,500 annually

Nonrecurring Costs (FY26):

To meet the bill’s implementation timelines, DPS would require \$874,000 in nonrecurring funding in FY26 for development of a secure electronic reporting and compliance portal, systems integration and security testing, initial software configuration, equipment purchases, development of training curricula, dealer onboarding support, and costs associated with

rulemaking and stakeholder engagement.

SIGNIFICANT ISSUES

Gun violence

New Mexico is currently experiencing a dramatic degree of gun violence. New Mexico has the 4th highest overall gun death rate in the country, and more than 500 New Mexicans are killed by guns every year.¹ Much of this is the result of a system that allows guns sold in stores to move quickly into the hands of teenagers, traffickers, and violent criminals. For example, one trafficker bought 33 guns, including assault weapons, from just three dealers in five months.² Significantly, approximately 80% of guns used in crimes that are successfully traced in New Mexico were originally purchased right here in New Mexico,³ and approximately 47% of all crime guns recovered in New Mexico were purchased less than three years before their recovery—a key red flag for illegal trafficking.⁴ This comes as no surprise, as New Mexico has some of the weakest dealer oversight in the country. There are no state rules requiring gun stores to secure their inventory, track suspicious sales, or flag straw purchasing. Given the federal government’s recent diversion of resources away from enforcing federal regulations on gun dealers,⁵ it is paramount that New Mexico has the ability to enforce its own regulations.

Relatedly, the sale of extremely dangerous weapons and devices, such as certain gas-operated semiautomatic firearms and high-capacity magazines, have led to a dramatic increase in mass shootings. Gas-operated semiautomatic firearms are generally high-powered semiautomatic firearms where each round has up to four times the muzzle velocity of a handgun round. This means that each round from a gas-operated semiautomatic firearms inflicts greater damage to the human body than a round from a typical handgun. Moreover, semiautomatic weapons can load and fire subsequent rounds much faster than manually operated firearms. When combined with high-capacity magazines, they allow a shooter to fire more rounds over a short period without pausing to reload.

Gas-operated semiautomatic firearms and high-capacity magazines are frequently used in the violence that plagues our nation. From 2015 to 2022, mass shootings with four or more people killed where a gas-operated semiautomatic firearm was used resulted in nearly six times as many

¹ *New Mexico*, Johns Hopkins Ctr. For Gun Violence Solutions, <https://publichealth.jhu.edu/center-for-gun-violence-solutions/data/state-gun-violence-data/new-mexico>.

² *U.S. v. Archuleta*, Case No. 1:22-cr-00712-JB (D.N.M. Apr. 4, 2022), https://www.krqe.com/wp-content/uploads/sites/12/2023/01/criminal-complaint-_LarryArchuleta.pdf?ipid=promo-link-block3.

³ *Firearms Trace Data: New Mexico – 2023*, Bur. of Alcohol, Tobacco, Firearms and Explosives, <https://www.atf.gov/resource-center/firearms-trace-data-2023>.

⁴ *New Mexico Firearms Trafficking and Crime Gun Fact Sheet*, Everytown for Gun Safety, <https://everytownresearch.org/wp-content/uploads/sites/4/2025/12/New-Mexico-Firearm-Trafficking-and-Crime-Gun-Fact-Sheet-Public-Nov25.pdf>.

⁵ Meg Anderson, *Trump administration targets ATF, with plans to cut jobs and ease gun restrictions*, NPR (July 2, 2025), <https://www.npr.org/2025/07/02/nx-s1-5440343/trump-administration-atf-jobs-gun-restrictions>.

people shot, more than twice as many people killed, and 23 times as many people wounded on average compared to those that did not involve the use of one.⁶ New Mexico has also been victim to these mass shootings. For example, in May of 2023, an 18-year-old man used a gas-operated semiautomatic firearm to shoot more than 100 rounds in Farmington—killing three people and injuring six others.⁷

Costs of gun violence

Gun violence costs over \$500 billion nationally every year.⁸ States with the weakest gun laws bear the majority of the economic toll of gun violence. *Id.* According to the New Mexico Department of Health, gun violence costs New Mexico alone approximately \$6 billion each year.⁹ Mass shootings contribute substantially to these costs. A recent study found that mass shootings cost local economies across the United States, like Farmington in 2023, an estimated \$27 billion annually in lost revenue.¹⁰

Effectiveness of dealer regulations and extremely dangerous weapon prohibitions

Research shows that when a state requires licensing, record keeping, inspections, and theft reporting of gun dealers, it sees 25 percent lower homicide rates.¹¹ This is significant for a state like New Mexico, which has a high homicide rate.

Likewise, research shows a prohibition on the sale of gas-operated semiautomatic firearms and high-capacity magazines can prevent mass shooting fatalities and active shooter events. For example, a recent study found that the federal prohibition on gas-operated semiautomatic firearms and high-capacity magazines was associated with a significant decrease in public mass shootings and related casualties, preventing at least 11 public mass shootings during the 10 years it was in effect. The researchers also estimated that had the law remained in effect from 2005 through 2019, it would have prevented 30 mass shootings that resulted in the death of 339 people

⁶ *Prohibit Assault Weapons*, Everytown for Gun Safety, <https://www.everytown.org/solutions/assault-weapons/> (last visited Feb. 26, 2025).

⁷ David Li, *At least 3 people killed and 2 officers wounded in New Mexico shooting, police say*, NBC News (May 15, 2023), <https://www.nbcnews.com/news/us-news/farmington-new-mexico-shooting-least-3-people-killed-2-officers-wounde-rcna84540>.

⁸ *What the Cost of Gun Violence Costs Us*, Everytown for Gun Safety (Apr. 14, 2024), <https://www.everytown.org/what-the-cost-of-gun-violence-costs-us/>; *Economic Costs of Gun Violence*, Brady, <https://www.bradyunited.org/resources/issues/economic-costs-of-gun-violence>.

⁹ *Comprehensive Report on Gunshot Victims Presenting at Hospitals in New Mexico*, N.M. Dep't of Health (Sept. 29, 2023), <https://www.nmhealth.org/publication/view/report/8463/>.

¹⁰ Khai Chiong et al, *Mass Shootings and Their Impact on Retail*, Marketing Science (Feb. 7, 2025), <https://pubsonline.informs.org/doi/10.1287/mksc.2024.0752>.

¹¹ *The Life-Saving Promise of State Gun Dealer Licensing*, Everytown for Gun Safety (Apr. 17, 2025), <https://www.everytown.org/report/the-life-saving-promise-of-state-gun-dealer-licensing/>.

and wounded 1,139 more.¹²

Constitutionality of inspection program

The U.S. Supreme Court has already held that the government can perform unannounced, warrantless inspections at gun dealers consistent with the Fourth Amendment given the industry’s history of heavy regulation and the importance of unannounced inspections in ensuring that these deadly weapons do not get into the wrong hands. *See U.S. v. Biswell*, 406 U.S. 311 (1972); *Grant Schmidt, Shot Tec, LLC v. Paris*, 344 A.3d 78, 91 (Pa. Commw. Ct. 2025). New Mexico courts have not interpreted our Article II, Section 10 any broader than the Fourth Amendment in the context of administrative searches. In fact, they have already indicated such searches would be constitutional. In discussing our state constitution, the New Mexico Supreme Court cited approvingly the following: “when a gun dealer chooses to engage in a pervasively regulated business and to accept a federal license, he or she does so with the knowledge that his or her business records, firearms and ammunition will be subject to effective inspection.” *State v. Sanchez*, 2015-NMSC-018, ¶ 27, 350 P.3d 1169.

Given SB 17’s limits on when unannounced inspections may take place and the limits on where DPS agents may inspect, the bill presents no constitutional concerns in this regard—including for home-based dealers. *See, e.g., Richards v. Newsom*, 2024 WL 4812537 (C.D. Cal. Oct. 16, 2024); *United States v. Cerri*, 753 F.2d 61, 64 (7th Cir. 1985); *see generally Johnson v. Smith*, 104 F.4th 153, 174 n.7 (10th Cir. 2024).

Constitutionality of commercial regulation

The United States Supreme Court has established that “laws imposing conditions and qualifications on the commercial sale of arms” fall within a category of presumptively lawful regulations that do not violate the Second Amendment. *See D.C. v. Heller*, 554 U.S. 570, 627 (2008); *New York State Rifle & Pistol Ass’n, Inc. v. Bruen*, 597 U.S. 1, 81 (2022) (Roberts, CJ, concurring); *Rocky Mountain Gun Owners v. Polis*, 121 F.4th 96, 119 (10th Cir. 2024). SB 17 aims to regulate how licensed commercial entities safeguard firearms rather than who may purchase or own them. Firearm dealers operate in a regulated commercial sphere because firearms are inherently dangerous instrumentalities. Requiring security, record-keeping, and minimum age of employees are preventive measures, exercises of state authority aimed at protecting the public from foreseeable harm. SB 17 includes measures to regulate business practices, not constitutional rights. Accordingly, there is little to no risk a court will strike down any of SB 17’s commercial regulation requirements.

Constitutionality of extremely dangerous weapon sale prohibition

There is a strong likelihood courts will find SB 17’s prohibition on the sale of extremely dangerous weapons and devices constitutional based on current caselaw. For example, federal district court judges held that those challenging similar “assault weapon” laws in California, Connecticut, Delaware, Illinois, Massachusetts, and Washington were unlikely to succeed. *See Rupp v. Bonta*, 723 F. Supp. 3d 837 (C.D. Cal. 2024); *Nat’l Ass’n for Gun Rights v. Lamont*,

¹² Lori Post, et al, *Impact of Firearm Surveillance on Gun Control Policy: Regression Discontinuity Analysis*, JMIR Public Health Surveill. (2021), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8103291/>.

2023 WL 4975979 (D. Conn. Aug. 3, 2023); *Delaware State Sportsmen's Ass'n, Inc. v. Delaware Dep't of Safety & Homeland Sec.*, 664 F. Supp. 3d 584 (D. Del. 2023); *Bevis v. City of Naperville*, 657 F. Supp. 3d 1052 (N.D. Ill. 2023); *Herrera v. Raoul*, 670 F. Supp. 3d 665 (N.D. Ill. 2023); *Capen v. Campbell*, 708 F. Supp. 3d 65 (D. Mass. 2023); *Hartford v. Ferguson*, 676 F. Supp. 3d 897 (W.D. Wash. 2023).

Notably, the Seventh Circuit Court of Appeals upheld the district court's decision and concluded that there was a "strong likelihood" that the law is constitutional. *See Bevis v. City of Naperville*, 85 F.4th 1175 (7th Cir. 2023). Likewise, the Third Circuit Court of Appeals affirmed the district court's decision preliminarily upholding the Delaware law. *See Delaware State Sportsmen's Ass'n, Inc.*, 108 F.4th 194. In both cases, the Supreme Court declined to reverse the lower courts' decisions. *See Harrel v. Raoul*, 144 S. Ct. 2491 (2024); *Nat'l Ass'n for Gun Rights v. City of Naperville, Illinois*, 144 S. Ct. 538 (2023); *Gray v. Jennings*, 2025 WL 76443 (U.S. Jan. 13, 2025).

More recently, the Fourth Circuit, sitting en banc, upheld Maryland's "assault weapon" law. *See Bianchi v. Brown*, 111 F.4th 438 (4th Cir. 2024). Writing for the majority, Judge Harvie Wilkinson (a Ronald Reagan appointee) held that the regulated firearms were not covered by the Second Amendment's text because "they are weapons 'most useful in military service' with firepower far exceeding the needs of the typical self-defense situation," *id.* at 453 (quoting *Heller*, 554 U.S. at 627), and even if they were protected, Maryland's regulations were consistent with a "tradition of regulating excessively dangerous weapons." *Id.* at 446. The Supreme Court likewise declined to grant certiorari in this case. *See Snope v. Brown*, 145 S. Ct. 1534 (2025)

Most recently, the Second Circuit preliminarily upheld Connecticut's prohibition on assault weapons and large capacity magazines. *See Nat'l Ass'n for Gun Rights v. Lamont*, 153 F.4th 213 (2d Cir. 2025). The panel of judges (including a Reagan and a Bush appointee) unanimously agreed the prohibition did not violate the Second Amendment because it was consistent with the nation's tradition of regulating especially dangerous weapons while leaving ample alternatives for self-defense. *Id.* at 222.

Although each of the foregoing cases analyzed "features-based" laws (i.e., laws that target weapons based on external features, as opposed to internal mechanisms), this is a distinction without a difference. The core of their analyses focuses on the weapons' firepower, the damage they cause to human tissue, and their shared lineage with the M16. *See, e.g., Bianchi*, 111 F.4th at 455; *Bevis*, 85 F.4th at 1196. Thus, there is no reason to believe that these courts would apply a different analysis to SB 17—which targets virtually the same firearms for this very reason.

Courts have also consistently rejected challenges to laws imposing limits on high capacity magazines. For example, the Courts of Appeals for the First, Seventh, Ninth and DC Circuits have preliminarily upheld Rhode Island, Maryland, Illinois, California, and Washington DC's laws prohibiting high-capacity magazines, each of which limited magazines to ten rounds or less. *See Ocean State Tactical, LLC v. Rhode Island*, 95 F.4th 38 (1st Cir. 2024); *Bevis*, 85 F.4th 1175; *Duncan v. Bonta*, 83 F.4th 803 (9th Cir. 2023); *Hanson v. D.C.*, 120 F.4th 223 (D.C. Cir. 2024). In so holding, these courts recognized that individuals almost never shoot more than ten rounds in self-defense. *See e.g., Ocean State Tactical*, 95 F.4th at 45.

Likewise, the Supreme Court has already clearly indicated that machine guns and rapid-fire devices can be prohibited. *See Heller*, 554 U.S. at 624 (finding it would be “startling” to read the Second Amendment such that “the National Firearms Act’s restrictions on machineguns . . . might be unconstitutional”); *Garland v. Cargill*, 602 U.S. 406, 429 (2024) (Alito J., concurring) (noting that “a semiautomatic rifle with a bump stock can have the same lethal effect as a machinegun” and suggesting that Congress ban such devices).

PERFORMANCE IMPLICATIONS

This legislation has performance implications for DPS due to creation of a new statewide regulatory, inspection, and reporting program.

1. Program Build-Out and Ongoing Oversight

DPS must establish rulemaking, inspection protocols, training delivery, and secure data systems. Performance will depend on timely staffing and system development.

2. Technical Definitions and Enforcement Consistency

Certain weapon definitions may require specialized training and technical reference materials to reduce misclassification risk and support consistent inspections and enforcement decisions.

3. Civil vs. Criminal Enforcement Mix

Many violations are addressed through civil penalties, which may increase administrative follow-up, compliance tracking, and corrective action processes.

4. Data Management and Confidentiality

The bill requires intake and retention of sensitive information. DPS performance will depend on implementing secure storage, access controls, and auditability consistent with statutory confidentiality requirements.

ADMINISTRATIVE IMPLICATIONS

SB 17 requires new rulemaking, training, inspection, data intake/retention, and public reporting functions. These responsibilities are achievable but are dependent on dedicated staffing and funding to maintain consistent statewide implementation once the program is fully up and running in 2027.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None from DPS

TECHNICAL ISSUES

None from DPS

OTHER SUBSTANTIVE ISSUES

DPS believes there are benefits to this legislation that will have a positive impact on gun distributors and crime concerns in our state.

It will improve firearm traceability through expanded recordkeeping, retention of ATF forms, and mandatory response timelines that could improve the speed and reliability of firearms trances. In addition, requiring gun distributors to submit quarterly and yearly reports to DPS and the Attorney General will assist during investigations and policy analysis.

SB 17 will provide public-safety benefits by strengthening dealer security practices, improving reporting timeliness for thefts/losses and multiple sales, and increasing the availability and consistency of information used in investigations and crime gun tracing. Expanded recordkeeping and standardized reporting will support investigative efficiency and policy evaluation over time.

ALTERNATIVES

None from DPS at this time.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo will remain.

AMENDMENTS

None from DPS at this time.