

Date of Hearing: August 12, 2019

ASSEMBLY COMMITTEE ON BANKING AND FINANCE

Monique Limón, Chair

ACR 115 (Kamlager-Dove) – As Introduced July 5, 2019

SUBJECT: Lending to gun-related businesses

SUMMARY: Urges banks that have open demand accounts with the state to evaluate their relationships with gun manufacturers and adopt lending practices that protect citizens before profits.

Specifically, **this resolution:**

- 1) States survey results related to Americans' opinions on gun control policies.
- 2) States that the California Department of Justice reported that over 2.5 million Californians own guns as of January 1, 2019.
- 3) States the state has demand accounts with six banks that concurrently lend to gun manufacturers, which are Bank of America, Citibank, JPMorgan Chase & Co., Union Bank MUFG, U.S. Bank, and Wells Fargo & Co.
- 4) Describes actions taken by some banks that reflect responsible gun control policies.
- 5) Identifies a group of investors and financial managers that has asked the civil firearms industry to comply with safer gun control policies.
- 6) States that the Legislature urges banks that have open demand accounts with the state to evaluate their relationships with gun manufacturers, to consider the repercussions of gun violence, to adopt lending practices that protect citizens before profit, and commit to strengthening gun policies or exiting the gun sector.

EXISTING LAW: Federal law and supervisory guidance generally allow national banks to provide banking services to lawful businesses.

FISCAL EFFECT: This resolution is keyed non-fiscal.

COMMENTS:

1) PURPOSE

According to the author:

California legislators have called for gun reform by implementing policies that make modifications to the demand side of the gun industry. Our conversations about gun companies also should include the financial complex that supports them. ACR 115 draws attention to the unchecked supply of guns by addressing the lending relationships between banks and gun manufacturers. Large lines of credit granted to gun manufacturers allows for increased production of weapons available to buyers. California has demand accounts open with six banks that lend

to gun manufacturers that produce an array of guns, some of which are assault weapons that are banned in California. ACR 115 urges these banks and others to adopt fiduciary practices that mirror California's commitment to gun safety and put safety before profit.

2) DISCUSSION

California statute contains 109 laws that restrict how and where guns can be used, more than any other state.¹ Through legislative actions and ballot initiative, California has aggressively pursued gun control policies to the point of some California laws being ruled unconstitutional by federal courts. In the current legislative session, several gun control bills were introduced, including a tax on gun sales, limiting gun buyers to one firearm purchase per month, and a 10-year gun ban on persons convicted of drunk driving more than one time.

Rather than propose new laws, this resolution intends to affect the proliferation of guns by urging six nationally chartered banks to curtail their relationships with gun manufacturers. If major banks refuse to extend credit to gun manufacturers, borrowing costs for gun manufacturers would likely increase, which could reduce industry investment in additional capacity or new business lines. Such a result could reduce the proliferation of guns not only in California, but also across state lines.

On the other hand, the six national banks identified in the resolution are not the sole providers of capital to gun manufacturers. Other banks, nonbank lenders, private equity, and bond markets would likely supply credit to gun manufacturers to fill gaps left by the six national banks.

3) RELATED LEGISLATION

AJR 5 of the current legislative session urges the federal government to use California as an example for firearm safety and for stronger firearm laws to protect all citizens. The measure would also urge the federal government to pass legislation that would provide universal firearm regulation throughout the nation. The resolution is currently on Third Reading in the Senate.

AB 18 of the current legislative session imposes an excise tax on gun sales to fund grants for violence intervention and prevention programs. AB 18 is currently pending action in the Assembly Appropriations Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

Bay Area Student Activists
Brady California United Against Gun Violence
NeverAgainCA

¹ <https://calmatters.org/explainers/california-gun-laws-policy-explained/>

Women Against Gun Violence
Youth Alive!
Several individuals

Opposition

None received

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