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Clean Hands Firearm Procurement Act

What the problem is:

Over two decades ago, the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) established a program, known as the Demand 2 Program, to improve its clearance rate for tracing firearms used in crimes. Crime gun tracing establishes the chain of custody of firearms recovered by law enforcement agencies in criminal investigations, from their importer or manufacturer to their first retail purchase from a Federal Firearm Licensee (FFL), creating critical investigative links between a suspect and a recovered firearm. Under Demand 2, gun dealers who have sold 25 or more guns over the course of a year that are subsequently traced to crimes within three years of their sale must submit a report to ATF providing additional information on their sales practices.

The overwhelming majority of FFLs – approximately 85% – do not have a single firearm traced to them in a year. While being on the Demand 2 Program is not evidence of criminal intent, it does imply that such dealers' business practices may make them a magnet for illegal straw purchasers and gun traffickers.

Following several Freedom of Information Act requests, ATF released a list of all dealers that were subject to this program between 2021 and 2023. Their analysis shows that only 2% of firearms dealers – about 1,500 of the nation's 75,000+ FFLs – qualified for the Demand 2 Program during this time. This small group of dealers were the largest source of guns quickly diverted to criminal activity and violence across the country, yet some of these dealers received lucrative contracts from the federal government while they were in the Demand 2 Program.

What the bill would do:

The *Clean Hands Firearm Procurement Act* would withhold federal contracts from FFLs who have qualified for the Demand 2 list twice in the preceding three calendar years, targeting FFLs that are the source of a disproportionately high number of crime guns. The dealers would be prohibited from entering into federal contracts for three years following the last year they appeared on the list, and the Attorney General would have discretion to provide waivers for the Departments of Defense and Homeland Security to protect national security.

This bill takes a critical step towards addressing the gun violence epidemic in the United States by incentivizing gun dealers to follow federal guidelines that help ensure the firearms they sell are not used for criminal activity.