C. D. Michel – SBN 144258
Joshua Robert Dale – SBN 209942
Anna M. Barvir – SBN 268728
Tiffany D. Cheuvront – SBN 317144
MICHEL & ASSOCIATES, P.C.
180 E. Ocean Blvd., Suite 200
Long Beach, CA 90802
Telephone: (562) 216-4444
Facsimile: (562) 216-4445
Email: cmichel@michellawyers.com

David H. Thompson*
Peter A. Patterson*
Megan M. Wold*
Athanasia O. Livas*
COOPER & KIRK, PLLC
1523 New Hampshire Ave N.W.
Washington, D.C. 20036
Telephone: (202) 220-9600
Facsimile: (202) 220-9601
Email: dthompson@cooperkirk.com
ppatterson@cooperkirk.com
**Admitted Pro Hac Vice*

Attorneys for Plaintiffs

SUPERIOR COURT OF CALIFORNIA

COUNTY OF SACRAMENTO

POWAY WEAPONS & GEAR, INC. and SGR VENTURES LLC (D/B/A SACRAMENTO GUN RANGE),

Plaintiffs,

v.

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION; TRISTA GONZALES, in her official capacity as Director of the California Department of Tax and Fee Administration,

Defendants.

Case No.: 25CV018964

VERIFIED AMENDED COMPLAINT FOR DECLARATORY, INJUNCTIVE, AND OTHER RELIEF

Plaintiffs Poway Weapons & Gear, Inc. ("PWG") and SGR Ventures LLC (d/b/a "Sacramento Gun Range") ("SGR"), complain of the California Department of Tax and Fee Administration and its Director, Trista Gonzales, and allege as follows:

INTRODUCTION

1. Plaintiffs sue to challenge the constitutionality of Assembly Bill 28, which imposes an 11% excise tax on gross receipts from the retail sale of firearms, "firearm precursor parts,"[1] and ammunition. *See* Assem. Bill 28, 2023-2024 Reg. Sess. (Cal. 2023) ("AB 28"); CAL. REV. CODE § 36001 *et seq.*; CAL. PENAL CODE §§ 26700, 26705, 30395, 34400. This excise tax is levied directly on the sellers of firearms, "firearm precursor parts," and ammunition in California. In effect, the tax is passed on to individuals seeking to purchase such products.

2. California's 11% excise tax is unconstitutional under the Supreme Court's decision in *New York State Rifle & Pistol Ass'n v. Bruen*, 597 U.S. 1 (2022), because it implicates conduct protected by the Second Amendment's plain text and is not part of this Nation's history of firearm regulation. Defendants will be unable to present widespread, relevantly similar analogues from the Founding era to support the State's tax. *Id.* at 28–29.

3. In addition, California's 11% excise tax imposes a "meaningful constraint" on the exercise of protected Second Amendment conduct for two independent reasons.[2] First, *any* tax singling out constitutionally protected conduct produces a meaningful constraint on that protected conduct, especially where the tax is specifically intended to deter the protected conduct. Second, as a matter of economic reality, an 11% tax is a significant sum and a meaningful constraint on the

[1] A "firearm precursor part" is defined by California law as, "any forging, casting, printing, extrusion, machined body or similar article that has reached a stage in manufacture where it may readily be completed, assembled or converted to be used as the frame or receiver of a functional firearm, or that is marketed or sold to the public to become or be used as the frame or receiver of a functional firearm once completed, assembled or converted." CAL. PENAL CODE § 16531(a).

[2] Plaintiffs amend their Complaint to allege facts supporting a "meaningful constraint" theory as directed by the Court. Plaintiffs preserve for all future proceedings, including before this Court and on appeal, their argument that the meaningful constraint test has no bearing and conflicts with Supreme Court precedent. The Supreme Court recently further clarified the relevant test in *Wolford v. Lopez*, No. 24-1046, 2026 WL 1825723 (U.S. June 25, 2026). There, the Supreme Court explained that a "law . . . clashes with the 'plain text' of the Amendment's language" if it "*concern*[*s*] any form of 'Arms.'" *Wolford*, 2026 WL 1825723, at *6 (emphasis added). A law targeting firearm sales for special taxation plainly "concern[s]" all form of Arms. *Id.* The Second Amendment applies without any further showing, and the State must establish a historical tradition to justify its regulation.

purchases of firearms and ammunition, especially in light of other additional costs imposed on firearm ownership.

4. The United States Supreme Court has repeatedly held that constitutional rights cannot be singled out for special taxation. *See, e.g.*, *Murdock v. Pennsylvania*, 319 U.S. 105, 114 (1943); *Harper v. Va. Bd. of Elections*, 383 U.S. 663, 668 (1966); *Minneapolis Star & Trib. Co. v. Minn. Comm'r of Rev.*, 460 U.S. 575, 591 (1983). The excise tax plainly singles out Second Amendment rights for disfavored treatment. Because the Second Amendment is "not 'a second-class right, subject to an entirely different body of rules than the other Bill of Rights guarantees[,]'" *Bruen*, 597 U.S. at 70 (quoting *McDonald v. City of Chicago*, 561 U.S. 742, 780 (2010)), these precedents apply with equal force to California's excise tax.

5. As the Supreme Court famously cautioned, "[a] right to tax, without limit or control, is essentially a power to destroy." *McCulloch v. Maryland*, 17 U.S. 316, 391 (1819).

6. Here, California effectively seeks the power to destroy the exercise of a constitutional right by singling it out for special taxation. If this tax is permitted, there is nothing stopping California from imposing a 50% or even 100% tax on a constitutional right it disfavors—whether it be the right to keep and bear arms, the right to free exercise of religion, or any other right. Moreover, calling upon the courts to decide how much tax is too much would be an arbitrary exercise. The only rule that accords with precedent and common sense is that constitutional rights cannot be singled out for special taxation.

7. Plaintiffs PWG, Inc. and Sacramento Gun Range are licensed firearm dealers in California who sell firearms and ammunition to their customers and are taxpayers of the 11% excise tax. CAL. REV. CODE § 36011, *et seq*. Plaintiffs have sold and will continue selling firearms and ammunition in California. They have been and will continue to be subject to the 11% excise tax absent relief from this Court. Plaintiffs must appropriately keep account of the 11% excise tax and must timely pay the tax quarterly.

8. Plaintiffs, as firearm and ammunition retailers targeted by a law regulating firearm sales, may sue to assert the rights of their customers who seek to exercise their Second Amendment right to purchase firearms and ammunition.

JURISDICTION AND VENUE

9. This Court has jurisdiction over this action and authority to issue declaratory relief, *See* CAL. CODE CIV. PROC. § 1060, and injunctive relief, CAL. CODE CIV. PROC. § 526.

10. Venue is appropriate in this Court because a "claimant may bring an action against the board on the grounds set forth in the claim in a court of competent jurisdiction in the County of Sacramento for the recovery of the whole or any part of the amount with respect to which the claim has been disallowed." CAL. REV. & TAX CODE 55243.

11. This suit is timely. Plaintiffs filed their suit "within 90 days after the mailing of the notice of the board's action upon a claim for refund or credit," *id*., which occurred on May 14, 2025. *See* Ex. 1; Ex. 7.

THE PARTIES

12. Plaintiff PWG is a licensed dealer of firearms and ammunition, which it sells at its shooting range and retail location at 13550 Danielson St., Poway, CA, 92064.

13. On July 1, 2024, PWG began collecting from its customers California's 11% excise tax on qualifying sales of firearms, firearm precursor parts, and ammunition. PWG adds the 11% excise tax as a line item on its customers' receipts.

14. On October 1, 2024, PWG submitted payment of the 11% excise tax for its sales during the third quarter of 2024 (July 1, 2024 through September 30, 2024) to the California Department of Tax and Fee Administration. Ex. 4. The amount of the payment was $34,666.00. *Id*. On October 22, 2024, PWG sought a refund of that payment. Ex. 5.

15. On November 6, 2024, PWG's refund request was denied. In an explanation issued on November 19, 2024, the California Department of Tax and Fee Administration confirmed that it "lacks the authority" to refund a tax payment based on an argument that a statute is unconstitutional "unless an appellate court has made a determination that such statute is unconstitutional." Ex. 11.

16. PWG administratively appealed the refund denial. On February 11, 2025, the California Department of Tax and Fee Administration notified PWG that because it was engaged in litigation over the excise tax, the Department was holding PWG's administrative "claim for refund case [] stayed in abeyance pending the litigation." Ex. 2.

17. Accordingly, to reanimate the administrative appeal refund process stayed by the Department, Plaintiffs voluntarily dismissed a previously filed suit challenging AB 28 on constitutional grounds in the Superior Court for the County of San Diego. *Jaymes v. Maduros*, No. 37-2024-00031147-CU-MC-CTL (Mar. 19, 2025). The Court entered dismissal on April 1, 2025.

18. PWG informed the Department of the voluntary dismissal of the lawsuit, and the Department resumed the administrative process. Ex. 3.

19. The Department "fully denied" PWG's refund claim on May 14, 2025. Ex. 1. The Department further advised that "Section 55243 of the Fee Collection Procedures Law provides that any further claim with regard to the disallowed amount must be brought as an action against the California Department of Tax and Fee Administration in a court of competent jurisdiction . . . within 90 days after the mailing of this letter." *Id.*

20. Plaintiff PWG has completed the administrative refund process, and its claim was "fully denied." *Id.* PWG has exhausted all administrative remedies.

21. Plaintiff PWG remains subject to the unconstitutional excise tax, submitting payments quarterly as required by state law. On January 31, 2025, PWG was charged and remitted payment for $54,990 under the excise tax. Ex. 6.

22. Plaintiff Sacramento Gun Range is a licensed dealer of firearms and ammunition, which it sells at its shooting range and retail location at 3443 Routier Road, Sacramento CA 95827.

23. On July 1, 2024, Plaintiff Sacramento Gun Range began collecting from its customers California's 11% excise tax on qualifying sales of firearms, firearm precursor parts, and ammunition. It adds the 11% excise tax as a line item on its customers' receipts.

24. On October 2, 2024, Plaintiff Sacramento Gun Range submitted payment of the 11% excise tax for its sales during the third quarter of 2024 (July 1, 2024 through September 30, 2024) to the California Department of Tax and Fee Administration. The amount of the payment was $24,640.00. Ex. 8.

25. On October 22, 2024, Plaintiff Sacramento Gun Range sought a refund of that payment of $24,640.00 from the Department. Ex. 9.

26. On November 19, 2024, the Department recommended full denial of Plaintiff

Sacramento Gun Range's refund request. Ex. 10. The Department noted: "the taxpayer contends, 'California's 11% excise tax on firearms and ammunition, Cal. Rev Code §36011 et seq., violates the right to keep and bear arms secured by the Second Amendment to the United States Constitution, as incorporated against the States by the Fourteenth Amendment, and is invalid." *Id.* at 3.

27. The Department denied the request, stating: "CDTFA lacks the authority to make such a determination or to order any relief. Article III, Section 3.5 of the California Constitution provides that no administrative agency of the state may declare a statute unenforceable, unconstitutional, or refuse to enforce a statute on the basis of an opinion of the agency that the statute is unconstitutional, unless an appellate court has made a determination that such statute is unconstitutional." *Id.*

28. On May 14, 2025, Plaintiff Sacramento Gun Range's refund request was "fully denied." Ex. 7. The Department further advised that "Section 55243 of the Fee Collection Procedures Law provides that any further claim with regard to the disallowed amount must be brought as an action against the California Department of Tax and Fee Administration in a court of competent jurisdiction . . . within 90 days after the mailing of this letter." *Id.*

29. Plaintiff Sacramento Gun Range has completed the administrative refund process, and its claim was "fully denied." *Id.* Sacramento Gun Range has exhausted all administrative remedies.

30. Plaintiff Sacramento Gun Range remains subject to the unconstitutional excise tax, submitting payments quarterly as required by state law.

31. The California Department of Tax and Fee Administration is charged with administering and collecting the 11% excise tax. CAL. REV. CODE § 36031(a). A taxpayer may bring an action "against the board" "[w]ithin 90 days after the mailing of the notice of the board's action upon a claim for refund." *Id.* § 55243. The term "board" refers to the California Tax and Fee Administration. *Id.* § 20(a).

32. Defendant Trista Gonzales is the Director of the California Department of Tax and Fee Administration. She enforces the 11% excise tax in her official capacity as Director. *Id.* § 36031(a).

GENERAL ALLEGATIONS

33. California enacted AB 28 on September 26, 2023. Its excise tax provision took effect on July 1, 2024. CAL. REV. CODE § 36011.

34. AB 28 adds Section 36011 to the California Revenue and Taxation Code, which imposes an 11% excise tax on the "gross receipts from the retail sale . . . of any firearm, firearm precursor part, or ammunition" sold by "licensed firearms dealers, firearms manufacturers, and ammunition vendors." *Id.*

35. California's excise tax is a true tax, not a fee or a condition of purchase. The tax applies to every purchase—not just an initial license to purchase firearms generally—and has no connection to the administrative costs of permitting firearm sales.

36. Plaintiffs may file for a refund from the Department if they disagree with the amount of tax paid. Although Plaintiffs did pursue this administrative process before bringing this suit, the refund process was futile, because the California Department of Tax and Fee Administration admittedly lacked authority to declare a tax unconstitutional and refund payment on a constitutional basis. Plaintiffs do not claim that they have been misclassified as subject to the tax but that the tax itself is unconstitutional.

37. Proceeds from the excise tax "shall be deposited in the Gun Violence Prevention and School Safety Fund," *id.* § 36041, which exists to fund various California political initiatives, *id.* § 36005.

38. The State's excise tax applies to the sale of all firearms and ammunition, including those legally purchased and intended only for legal use.

39. The overwhelming majority of guns used in violent crime are not acquired from the retail market and will not be subject to the State's tax. In reality, only about 7% of guns used in violent crimes are obtained from a licensed firearm dealer. *See, e.g.*, Mariel Alper, Ph.D. & Lauren Glaze, BUREAU OF JUST. STATS., NCJ NO. 251776, SPECIAL REPORT, SOURCE AND USE OF FIREARMS INVOLVED IN CRIMES (2019), https://perma.cc/9D94-VYUX.

40. As the Senate Public Safety Committee recognized during consideration of AB 28, this excise tax will likely "get passed to the consumer via a higher retail price for the good in

question" because "nothing in the bill precludes dealers and manufacturers from raising their prices to offset the tax and functionally passing the tax on to the consumers." SEN. COMM. ON PUB. SAFETY, HR'G REP. ON AB 28, 2023-2024 Reg. Sess., at 9 (July 11, 2023), https://bit.ly/3VLGBou.

41. In fact, sellers of firearms and ammunition have added a line item to customer receipts reflecting that the 11% tax is passed on to the purchaser of firearms and ammunition.

42. Plaintiffs, like other retailers, have added a line item to customer receipts passing on the 11% tax payment to customers.

43. It would be economically infeasible for firearm retailers to simply absorb an 11% loss on every sale. For example, on a typical popular firearm model, Plaintiffs would expect to make a 2.7% total profit without absorbing any tax. For this reason, as predicted by lawmakers who passed the excise tax, and consistent with the operation of other tariffs and sales taxes, the cost of the excise tax must be passed on to the consumer.

44. Firearm manufacturers and dealers must remit the 11% excise tax collected from individual sales and submit quarterly returns. CAL. REV. CODE §§ 36011, 36032, 36033. Plaintiffs are collecting the 11% excise tax through a line item added to customer receipts.

45. As taxpayers, Plaintiffs have been and continue to be indisputably harmed by the enforcement of the unconstitutional excise tax. Further, Plaintiffs face the administrative burden of complying with the tax, and risk facing penalties for even accidental non-compliance or delay. For example, AB 28 dictates that "[e]ach licensed firearms dealer, firearms manufacturer, or ammunition vendor subject to the excise tax imposed . . . shall register for a certificate of registration with the department using electronic media in a form prescribed by the department" including identifying information about the business and "any other information as the department may require." CAL. REV. CODE § 36001. "The department may, after notice and hearing, revoke a certificate of registration for any . . . violation or omission" of AB 28, and will "notify the Department of Justice of the revocation." *Id.* § 36038. Taxpayers like plaintiffs also face "interest and penalties" beyond the 11% excise tax. *Id.* § 36039.

46. California consumers seeking to engage in the purchase of firearms and ammunition—conduct indisputably protected by the Second Amendment—have been and continue

to be harmed by California's excise tax.

47. California's excise tax imposes a meaningful constraint on the Second Amendment rights of Californians.

48. First, any tax directed at constitutionally protected conduct is a per se meaningful constraint on that conduct, especially where the tax is explicitly intended to constrain the protected conduct.

49. Here, Governor Newsom specifically described California's excise tax as a "sin tax" aimed at gun ownership when he signed the Act. He clearly stated: "This is not a general income tax . . . From my perspective, it's more of a sin tax." Alexei Koseff, *Bills of 2023: Newsom Signs 'Sin Tax' on Guns and Ammo*, SIGNAL SCV (Dec. 29, 2023), https://perma.cc/FH3R-P5JQ. The State did not hide its intent to discourage the constitutionally protected Second Amendment activity on which the tax is levied.

50. A flat 11% tax on all firearms and ammunition purchases does not merely reduce the "convenience" of purchasing firearms; it meaningfully constrains the acquisition of firearms, as intended.

51. The 11% tax applies across the board to all firearm purchases in California. A Californian wishing to exercise her Second Amendment right to purchase a firearm for self-defense cannot simply go to another retailer to avoid the tax. There are no alternative venues for avoiding the constraint.

52. The 11% tax applies to every ammunition purchase, requiring Californians to confront and pay the "sin tax" every time they wish to access the essential components of operating firearms they already possess.

53. Second, even assuming that some tax on the purchase of firearms and ammunition could be deemed a "mere inconvenience," the State's 11% excise tax does meaningfully constrain Second Amendment conduct as a matter of economic reality.

54. The excise tax of 11% is a high rate of tax—over 150% more than California's general sales tax of 7.25%.

55. The excise tax applies on top of California's existing sales tax of 7.25%, the State's

background check fee of $37.19 per firearm purchase, a $25 firearm safety certificate fee for first-time buyers, an ammunition background check fee of $5 for each purchase of ammunition, and any federal taxation.

56. Given the relatively high price of firearms compared to other consumer products, the 11% tax results in a significant sum for ordinary purchases.

57. Popular handguns sold by Plaintiffs at their retail stores have become significantly more expensive for the average consumer. For example, the Sig Sauer P365 X-MACRO COMP 9mm 3.1" XRAY3 NS CA costs, on average, $835.91. The State's excise tax of 11% adds nearly $92 in extra expense for this single firearm—and that is independent of other applicable taxes, which also are passed on to consumers.

58. The same is true for other popular handguns sold by Plaintiffs. For example, the GLOCK 19 GEN3 CMPCT 9MM BLK costs, on average, $574.12. The State's excise tax adds over $63 in extra expense for this single firearm.

59. To highlight yet another popular example, the STACCATO 2011 HD P4 9MM 4" OPT RDY 10RD CA costs, on average $2,328.16. The State's excise tax alone costs consumers wanting to buy this popular firearm an extra $256.09.

60. The same is true for purchases of ammunition. An individual wishing to exercise the Second Amendment right will often engage in firearms training, so the purchase of ammunition is a recurring cost.

61. For example, Plaintiffs sell FED PRM HST 9MM 124GR JHP 20/200 at retail. The average cost of this home defense ammunition is $38.21 for 20 rounds. Taxed at the State's excise tax rate of 11% adds an additional expense of $4.20—on top of the State's standard sales tax. This cost can quickly add up for individuals who train on a weekly or monthly basis.

62. The State's "sin tax" was intended and designed to meaningfully constrain firearm acquisition in California and it does so.

63. Plaintiffs continue to pay the State's excise tax. PWG and SGR remain subject to the unconstitutional excise tax, submitting payments quarterly as required by state law.

/ / /

64. On March 31, 2025, PWG was charged and remitted payment for $39,841 under the excise tax. Ex. 12.

65. On June 30, 2025, PWG was charged and remitted payment for $30,223 under the excise tax. Ex. 13.

66. On September 30, 2025, PWG was charged and remitted payment for $34,004 under the excise tax. Ex. 14.

67. On December 31, 2025, PWG was charged and remitted payment for $49,742 under the excise tax. Ex. 15.

68. And on April 30, 2026, PWG was charged and remitted payment for $44,926.00 under the excise tax. Ex. 20.

69. On March 31, 2025, SGR was charged and remitted payment for $44,950 under the excise tax. Ex. 16.

70. On June 30, 2025, SGR was charged and remitted payment for $33,065 under the excise tax. Ex. 17.

71. On September 30, 2025, SGR was charged and remitted payment for $35,857 under the excise tax. Ex. 18.

72. On December 31, 2025, SGR was charged and remitted payment for $49,647 under the excise tax. Ex. 19.

73. And on April 30, 2026, SGR was charged and remitted payment for $41,488.00 under the excise tax. Ex. 21.

74. Plaintiffs will continue to be charged and will continue to pay the State's excise tax until the State's unconstitutional tax is enjoined.

CLAIMS FOR RELIEF

COUNT 1

Violation of Second and Fourteenth Amendments to the United States Constitution

75. Plaintiffs incorporate by reference all preceding paragraphs as if fully set forth herein.

76. The Second Amendment provides: "A well regulated Militia, being necessary to the security of a free State, the right of the people to keep and bear Arms, shall not be infringed." U.S.

CONST. amend. II. The Second Amendment is incorporated against the State of California through the Fourteenth Amendment.

77. California's 11% excise tax on firearms and ammunition infringes the Second Amendment because it implicates conduct protected by the Second Amendment's plain text—selling and acquiring protected firearms and ammunition. Further, California's excise tax imposes a meaningful constraint on the protected Second Amendment conduct of Plaintiffs' customers. A state excise tax on all firearm and ammunition purchases used for raising revenue for policy initiatives unrelated to supporting the Second Amendment is not part of this Nation's history of arms regulation. *Bruen*, 597 U.S. at 1, 34. Defendants will be unable to present widespread, relevantly similar analogues from the Founding era to support the tax. *Id.* at 28–29.

78. The excise tax impermissibly singles out the exercise of a constitutional right for special taxation. The United States Supreme Court has repeatedly held that the exercise of constitutional rights cannot be targeted through taxation. *See, e.g.*, *Murdock v. Pennsylvania*, 319 U.S. 105, 114 (1943) (striking down tax on religious activities under the First Amendment's Free Exercise Clause); *Harper*, 383 U.S. at 668 (striking down $1.50 poll tax under the Fourteenth Amendment's Equal Protection Clause); *Minneapolis Star & Trib. Co.*, 460 U.S. at 591 (striking down use tax on the paper and ink products used by a newspaper under the First Amendment's Free Press Clause). The excise tax—imposed on top of California's 7.25% generally-applicable sales tax[3]—plainly singles out Second Amendment rights for disfavored treatment. Because the Second Amendment is "not 'a second-class right, subject to an entirely different body of rules than the other Bill of Rights guarantees[,]'" *Bruen*, 597 U.S. at 70 (quoting *McDonald*, 561 U.S. at 780), these precedents apply with equal force to California's excise tax.

79. An actual and judicially cognizable controversy exists between Plaintiffs and Defendants regarding whether Defendants' administration of the 11% excise tax violates the Second Amendment to the United States Constitution.

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[3] Plaintiffs do not challenge California's ordinary sales tax as applied to firearms and ammunition because it applies equally to all goods sold in the state and, unlike the excise tax on firearms and firearm parts, does not single out Second Amendment-protected items for special taxation.

COUNT 2

Refund of Unconstitutional Taxation

80. Plaintiffs incorporate by reference all preceding paragraphs as if fully set forth herein.

81. For the reasons set out above, California's 11% excise tax on firearms and ammunition violates the Second and Fourteenth Amendments. The tax implicates conduct protected by the Second Amendment's plain text—acquiring firearms and ammunition—and is not part of this Nation's history of gun regulation. The tax impermissibly singles out constitutional rights for special taxation. Further, the tax imposes a meaningful constraint on the protected Second Amendment conduct of Plaintiffs' customers.

82. Plaintiffs Poway Weapons & Gear Inc. and Sacramento Gun Range have paid the 11% excise tax on their sales of firearms and ammunition, as required, and they have sought a refund of the same.

83. Because the tax violates the Second Amendment as incorporated against the states by the Fourteenth Amendment of the U.S. Constitution, Plaintiffs are entitled to a refund of already-paid taxes as well as any additional taxes paid in the future.

PRAYER FOR RELIEF

Wherefore, Plaintiffs pray for judgment as follows:

1. For a declaratory judgment stating that California's 11% excise tax on firearms and ammunition violates the right to keep and bear arms secured by the Second Amendment to the United States Constitution, both facially and as-applied. CAL. REV. CODE § 36011 *et seq*.

2. For a permanent injunction enjoining enforcement of § 36011 and associated provisions established by AB 28, including collection of the 11% excise tax from licensed firearms dealers, firearms manufacturers, and ammunition vendors and any revocations of dealer, manufacturer, or vendors' certificates of registration from failure to remit the tax. CAL. CODE CIV. PROC. § 526 *et seq.*

3. For a refund of all taxes paid pursuant to California's 11% excise tax on firearms and ammunition by Poway Weapons & Gear Inc. and SGR Ventures LLC (d/b/a Sacramento Gun Range), whether paid before or after the filing of this complaint.

4. For costs of suit, including reasonable attorney's fees pursuant to applicable law.

5. For any other relief the Court deems appropriate.

Dated: July 16, 2026

MICHEL & ASSOCIATES, P.C.

C. D. Michel
Attorneys for Plaintiffs

VERIFICATION

I, John Phillips, declare as follows:

I am the Founder and President of Poway Weapons & Gear, Inc., and Chief Executive Officer of SGR Ventures LLC (d/b/a Sacramento Gun Range), both Plaintiffs in the above-named action. I am authorized to make this verification on their behalf.

I declare that I have read the foregoing Verified Amended Complaint for Declaratory and Injunctive Relief and know the contents thereof. I declare that the factual matters set forth in paragraphs 12–74 are correct to my knowledge. The remaining matters are stated on information and belief, and, as to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: July 16, 2026

John Phillips

EXHIBIT 1

STATE OF CALIFORNIA

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION
PO BOX 942879, SACRAMENTO, CA 94279-0001 MIC: 33
1-916-309-0335 • FAX 1-916-323-9497
www.cdtfa.ca.gov

GAVIN NEWSOM
Governor

NICOLAS MADUROS
Secretary, Government Operations Agency

TRISTA GONZALEZ
Director

POWAY WEAPONS & GEAR, INC.
13550 DANIELSON ST
POWAY CA 92064-6874

Letter Date:	May 14, 2025
Letter ID:	L0031045352
Case ID:	6323411
Account Type:	CA Firearm Excise Tax
Account Number:	259-232672
Date of Claim:	October 22, 2024
Period Begin:	July 1, 2024
Period End:	September 30, 2024
Claim Amount:	$34,666.00
Mail Date:	May 14, 2025

NOTICE OF DENIAL OF CLAIM FOR REFUND

Mailed at Sacramento, California

You are hereby notified that the claim for refund referenced above was fully denied in the amount of $34,666.00.

Section 55243 of the Fee Collection Procedures Law provides that any further claim with regard to the disallowed amount must be brought as an action against the California Department of Tax and Fee Administration in a court of competent jurisdiction in any city or city and county of this state in which the Attorney General has an office on the grounds set forth in the claim. Such action must be filed within 90 days after the mailing of this letter and failure to do so constitutes a waiver of any demand against the state.

Sincerely,

Margaret Topete
Business Taxes Specialist
Appeals & Data Analysis Branch

0031045352 01

EXHIBIT 2

STATE OF CALIFORNIA

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION
PO BOX 942879, SACRAMENTO, CA 94279-0001 MIC: 33
1-916-309-0329 • FAX 1-916-323-9497
www.cdtfa.ca.gov

POWAY WEAPONS & GEAR, INC.
13550 DANIELSON ST
POWAY CA 92064-6874

Letter Date: February 11, 2025
Letter ID: L0029699459
Account Type: CA Firearm Excise Tax
Account Number: 259-232672

Period(s): 7/1/2024 - 9/30/2024

Period	Tax/Fee	Interest	Penalty	Other	Credit(s)	Total
30-Sep-2024	$34,666.00	$0.00	$0.00	$0.00	-$34,666.00	$0.00

Dear POWAY WEAPONS & GEAR, INC.:

Poway Weapons & Gear, Inc., is named in litigation with CDTFA involving the same contentions as in claim for refund, case ID 6323411. Therefore, this claim for refund case is stayed in abeyance pending the litigation.

Please contact Margaret Topete at phone number (916) 309-0335 or email Margaret.Topete@cdtfa.ca.gov, with questions relating to this letter.

For questions relating to this letter, please call the telephone number listed above. You can also visit our website at *www.cdtfa.ca.gov* to amend returns, request a refund, obtain copies of regulations, forms, publications, and other information.

California Department of Tax and Fee Administration

Appeals & Data Analysis Branch

NR

0029699459 01

EXHIBIT 3

Outlook

RE: [External] Re: [SECURE] SGR Ventures, LLC. & Poway Weapons & Gear, Inc. Claims for Refund Case ID's 6304881 and 6323411

From Topete, Margaret <Margaret.Topete@cdtfa.ca.gov>
Date Thu 4/10/2025 3:26 PM
To John Phillips <jphillips@sgrange.us>

Dear Mr. Phillips,

Thank you for your telephone call and sending the below email. As discussed in our telephone call, the Revenue and Taxation Code section 55243 allows you to bring an action in court within 90 days of the claim for refund denial notice. Your claims for refund were recommended for full denial and you have the option to proceed with the appeals conference or withdraw from the appeal. If you submit a withdraw request, the claim for refund will be denied and you will receive a claim for refund denial letter indicating that you must file in court within 90 days of the letter.

Please confirm in writing, your request to withdraw the claims from the appeals conference by submitting your withdraw request for each account, by logging in at our website *at* www.cdtfa.ca.gov, select the account, and select *Submit/Manage an Appeal* from the *I Want to* submenu, and select *Withdraw Request* from the *Manage an Appeal submenu*.

In your email you indicated you would like to continually appeal the excise tax. For each quarterly payment made you need to submit a claim for refund and proceed in the same manner as above. For faster processing, I recommend you submit your claims for refund through your on-line services at *www.cdtfa.ca.gov* and select *More* from the *I Want to* menu and select *Submit a Claim for Refund*.

Please contact me with any questions.

Thank you,
Margaret Topete
Business Taxes Specialist
Appeals and Data Analysis Branch (ADAB)
California Department of Tax and Fee Administration
651 Bannon #100 MIC: 33
Sacramento, CA 95811 MIC: 33
Phone: 1-916-309-0335 | Fax: 1-916-323-9497
Email: Margaret.Topete@cdtfa.ca.gov | www.cdtfa.ca.gov

CDTFA
CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

From: John Phillips <jphillips@sgrange.us>
Sent: Tuesday, April 8, 2025 4:15 PM
To: Topete, Margaret <Margaret.Topete@cdtfa.ca.gov>
Cc: John Phillips <jphillips@weaponsandgear.com>
Subject: [External] Re: [SECURE] SGR Ventures, LLC. & Poway Weapons & Gear, Inc. Claims for Refund Case ID's 6304881 and 6323411

Note: This conversation is restricted, so you might not be able to cut or copy from it. See the information above the To line for more details. Also, while the conversation is restricted, the conversation owner can send the message to other people.

From: John Phillips <jphillips@weaponsandgear.com>
Date: Friday, April 4, 2025 at 12:04 PM
To: Topete, Margaret <Margaret.Topete@cdtfa.ca.gov>
Cc: John Phillips <jphillips@weaponsandgear.com>, John Phillips <jphillips@sgrange.us>
Subject: Re: [SECURE] SGR Ventures, LLC. & Poway Weapons & Gear, Inc. Claims for Refund Case ID's 6304881 and 6323411

Margaret,

I am not sure if you are aware but the lawsuit of Jaymes vs Board of Equalization has been dismissed at our request. I would like to begin the formal appeals process for Poway Weapons & Gear as well as SGR Ventures LLC for all quarters files thus far. I would like to continually appeal the FET tax each quarter I file moving forward until we are able to a get through the entire appeal process and then move this into the courts.

Would you please let me know what steps I need to take to get the appeals re-initiated for both entities below?

Thank you,

John Phillips
Founder/President

PWG Range

Tel: (858) 206-5057 ext. 100

(855) THE-RANGE

From: Topete, Margaret <Margaret.Topete@cdtfa.ca.gov>
Sent: Friday, January 31, 2025 8:08 AM
To: jphillips@sgrange.us <jphillips@sgrange.us>
Cc: John Phillips <jphillips@weaponsandgear.com>
Subject: [SECURE] SGR Ventures, LLC. & Poway Weapons & Gear, Inc. Claims for Refund Case ID's 6304881 and 6323411

Dear Mr. Phillips,

I am responding to your email to Ali Sauvera in which you inquired about your appeal case hearings.

My name is Margaret Topete with the Appeals and Data Analysis Branch (ADAB), Business Tax and Fee Division (BTFD) of the California Department of Tax and Fee Administration (CDTFA). Your claim for refund cases for SGR Ventures, LLC (case 6304881) and Poway Weapons & Gear, Inc. (case 6323411), submitted under the California Firearm and Ammunition Excise Tax, were transferred to me because appeals conferences were requested.

I am communicating with you in this email for both entities because you are the Member/Officer for both companies, however each company is a separate legal entity and has a separate claim:

- SGR Ventures, LLC, Claim Case ID: 6304881, Account Number: 237302688
- Poway Weapons & Gear, Inc., Claim Case ID: 6323411, Account Number: 259-232672

It appears that Poway Weapons & Gear, Inc, is involved in litigation with CDTFA involving the same claim contentions, therefore claim case 6323411 will be stayed in abeyance pending the litigation.

SGR Ventures, LLC is not named in the litigation therefore the appeals case <u>may either proceed with the appeals conference or you may choose to hold it in abeyance</u>, pending resolution of the Poway Weapons & Gear, Inc litigation, since both cases maintain the exact same contentions.

If you elect to proceed with the appeals conference for SGR Ventures, LLC, I will prepare a Summary Analysis, a document which presents your contentions and BTFD's position and will mail a copy of the Summary Analysis to you, and then forward this case to the Appeals Bureau for scheduling and holding of the conference.

Please complete the attached form CDTFA-82, *Authorization for Electronic Transmission of Data*, for each entity, authorizing communications by email.

Please reply to this email with your option for SGR Ventures, LLC, and the completed forms CDTFA-82 for each entity, at your earliest convenience. Please contact me with any questions.

Below please find reference materials for additional information on the CDTFA appeals process:

- Publication 142-A: Introduction to Appeals Conference
- Publication 17: Appeals Procedures

Thank you,

Margaret Topete
Business Taxes Specialist
Appeals and Data Analysis Branch (ADAB)
California Department of Tax and Fee Administration
651 Bannon #100 MIC: 33
Sacramento, CA 95811 MIC: 33
Phone: 1-916-309-0335 | Fax: 1-916-323-9497
Email: Margaret.Topete@cdtfa.ca.gov | www.cdtfa.ca.gov

CDTFA
CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

Thank you for connecting with us

How Are We Doing? – Business Tax and Fee Division (ca.gov)

EXHIBIT 4

ONLINE SERVICES FILING RECORD:
ACH PAYMENT

State of California
CALIFORNIA DEPARTMENT OF
TAX AND FEE ADMINISTRATION

Taxpayer Name: POWAY WEAPONS & GEAR, INC.

Account Type: Firearm and Ammunition Excise Tax

Account Number: 259-232672

Period: September 30, 2024

Submitted: October 01, 2024

Confirmation #: 0-044-419-935

Please review the information below for your payment to the California Department of Tax and Fee Administration.
You may want to print a copy for your records.

Your confirmation number is **0-044-419-935**

Paid For:	Firearm and Ammunition Excise Tax 259-232672	Payment Type:	Return Payment
Paid From:	WELLS FARGO BANK NA ****9748	Period End Date:	30-Sep-2024
Payment Amount:	$34,666.00		
Payment Date:	01-Oct-2024		
Submitted Date:	01-Oct-2024 01:58:55 PM		

This is only the payment submission. It is your responsibility to review your bank statement to confirm that this transaction was successful.

Contact Us:
California Department of Tax and Fee Administration 1-800-400-7115
651 Bannon Street
Sacramento, CA 94279
Email CDTFA by visiting http://www.cdtfa.ca.gov/email/

EXHIBIT 5

CDTFA-101 (FRONT) REV. 21 (5-24) STATE OF CALIFORNIA

CLAIM FOR REFUND OR CREDIT

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

(Instructions on back)

NAME OF TAXPAYER(S)	CDTFA ACCOUNT NUMBER *(only list one account number per claim)*
Poway Weapons & Gear	259-232672
SOCIAL SECURITY NUMBER(S)* OR EMPLOYER IDENTIFICATION NUMBER	GENERAL PARTNER(S) *(if applicable)*
90-0950778	
BUSINESS NAME *(if applicable)*	BUSINESS LOCATION ADDRESS *(if applicable)*
Poway Weapons & Gear	13550 Danielson Street, Poway CA 92064
MAILING ADDRESS *(if applicable)*	
13550 Danielson Street, Poway CA 92064	

Please select the tax or fee program that applies to your claim for refund or credit.

- ☐ Sales and Use Tax
- ☐ Lumber Assessment
- ☐ Prepaid Mobile Telephony Services (MTS) Surcharge

For overpayments of use tax by a purchaser of a vehicle or undocumented vessel to the Department of Motor Vehicles (DMV), please complete CDTFA-101-DMV, *Claim for Refund or Credit for Tax Paid to DMV.*

For the above tax/fee programs, mail your completed form to:
California Department of
Tax and Fee Administration
Audit Determination and
Refund Section MIC:39
PO Box 942879
Sacramento, CA 94279-0039

Or email to: *BTFD-ADRS@cdtfa.ca.gov*

- ☐ Alcoholic Beverage Tax
- ☐ California Electronic Cigarette Excise Tax
- ☐ California Tire Fee
- ☐ Cannabis Taxes
- ☐ Childhood Lead Poisoning Prevention Fee
- ☐ Cigarette and Tobacco Products Tax
- ☐ Covered Electronic Waste Recycling Fee
- ☐ Diesel Fuel Tax
- ☐ Emergency Telephone Users Surcharge
- ☐ Energy Resources (Electrical) Surcharge
- ☑ Firearms, Firearm Precursor Parts, and Ammunition Excise Tax
- ☐ Hazardous Substances Tax
- ☐ Integrated Waste Management Fee
- ☐ Lead-Acid Battery Fee
- ☐ Lithium Extraction Excise Tax

- ☐ Marine Invasive Species Fee
- ☐ Motor Vehicle and Jet Fuel Taxes
- ☐ Natural Gas Surcharge
- ☐ Occupational Lead Poisoning Prevention Fee
- ☐ Oil Spill Response, Prevention, and Administration Fees
- ☐ Tax on Insurers
- ☐ Timber Yield Tax
- ☐ Underground Storage Tank Maintenance Fee
- ☐ Use Fuel Tax
- ☐ Water Rights Fee

For the above tax/fee programs, mail your completed form to:
California Department of
Tax and Fee Administration
Appeals and Data Analysis Branch
MIC:33
PO Box 942879
Sacramento, CA 94279-0033

Or email to: *adab@cdtfa.ca.gov*

The undersigned hereby makes a claim for refund or credit of $ 34,666.00, or such other amounts as may be established, in tax, interest, and penalty in connection with:

- ☐ Return(s) filed and paid for the period ______ through ______
- ☐ Determination(s)/billing(s) dated ______ and paid ______
- ☑ Other *(describe fully)*: ______

Basis for refund *(required)*:

California' s 11% excise tax on firearms and ammunition, Cal. Rev. Code § 36011 et seq., violates the right to keep and bear arms secured by the Second Amendment to the United States Constitution, as incorporated against the States by the Fourteenth Amendment, and is invalid.

Supporting documentation, including amended return(s), ☐ is attached. ☐ will be provided upon request.

SIGNATURE		DATE SIGNED	
		October 22, 2024	
PRINT NAME		CONTACT PERSON *(if other than signatory)*	
John Phillips			
TITLE OR POSITION	TELEPHONE NUMBER	TITLE OR POSITION OF CONTACT PERSON	TELEPHONE NUMBER
President	858-883-4295		
EMAIL ADDRESS		EMAIL OF CONTACT PERSON	
jphillips@pwgrange.com			

*See CDTFA-324-GEN-WEB, *Privacy Notice—Website—No Action Needed*, regarding disclosure of the applicable social security number.

EXHIBIT 6

State of California

ONLINE SERVICES FILING RECORD:
CALIFORNIA FIREARM AND AMMUNITION EXCISE TAX RETURN

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

Taxpayer Name: POWAY WEAPONS & GEAR, INC.

Account Type: California Firearm and Ammunition Excise Tax

Return Type: Original

Submitted: 1/31/2025 3:27:46 PM

Confirmation #: 0-047-351-411

Account Number: 259-232672

Period Begin: October 01, 2024

Period End: December 31, 2024

Due Date: January 31, 2025

Remaining Due: $54,990.00

California Firearm and Ammunition Excise Tax		
Total gross receipts from retail sales of any firearms, firearm precursor parts, or ammunition		$499,913.00
Exemption: Retail sales to peace officers (active or retired) or law enforcement agencies employing a peace officer	$0.00	
Exemption: Total gross receipts from retail sales of any firearms, firearm precursor parts, or ammunition less than $5,000	$0.00	
Gross receipts from retail sales of firearms, firearm precursor parts, or ammunition subject to excise tax		$499,913.00
CA Firearms, firearm precursor parts, and ammunition excise tax (CFET) rate		0.11
Subtotal amount of CFET due		$54,990.00
Excess CFET reimbursement collected		$0.00
Total amount of CFET due		$54,990.00
Penalty		$0.00
Interest		$0.00
Total amount due and payable		**$54,990.00**

EXHIBIT 7

STATE OF CALIFORNIA

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION
PO BOX 942879, SACRAMENTO, CA 94279-0001 MIC: 33
1-916-309-0335 • FAX 1-916-323-9497
www.cdtfa.ca.gov

GAVIN NEWSOM
Governor

NICOLAS MADUROS
Secretary, Government Operations Agency

TRISTA GONZALEZ
Director

SGR VENTURES LLC
13550 DANIELSON ST
POWAY CA 92064-6874

Letter Date:	May 14, 2025
Letter ID:	L0031027252
Case ID:	6304881
Account Type:	CA Firearm Excise Tax
Account Number:	237-302688
Date of Claim:	October 22, 2024
Period Begin:	July 1, 2024
Period End:	September 30, 2024
Claim Amount:	$24,640.00
Mail Date:	May 14, 2025

NOTICE OF DENIAL OF CLAIM FOR REFUND

Mailed at Sacramento, California

You are hereby notified that the claim for refund referenced above was fully denied in the amount of $24,640.00.

Section 55243 of the Fee Collection Procedures Law provides that any further claim with regard to the disallowed amount must be brought as an action against the California Department of Tax and Fee Administration in a court of competent jurisdiction in any city or city and county of this state in which the Attorney General has an office on the grounds set forth in the claim. Such action must be filed within 90 days after the mailing of this letter and failure to do so constitutes a waiver of any demand against the state.

Sincerely,

Margaret Topete
Business Taxes Specialist
Appeals & Data Analysis Branch

0031027252 01

STATE OF CALIFORNIA

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION
PO BOX 942879, SACRAMENTO, CA 94279-0001 MIC: 33
1-916-309-0335 • FAX 1-916-323-9497
www.cdtfa.ca.gov

GAVIN NEWSOM
Governor

NICOLAS MADUROS
Secretary, Government Operations Agency

TRISTA GONZALEZ
Director

POWAY WEAPONS & GEAR, INC.
13550 DANIELSON ST
POWAY CA 92064-6874

Letter Date:	May 14, 2025
Letter ID:	L0031045352
Case ID:	6323411
Account Type:	CA Firearm Excise Tax
Account Number:	259-232672
Date of Claim:	October 22, 2024
Period Begin:	July 1, 2024
Period End:	September 30, 2024
Claim Amount:	$34,666.00
Mail Date:	May 14, 2025

NOTICE OF DENIAL OF CLAIM FOR REFUND

Mailed at Sacramento, California

You are hereby notified that the claim for refund referenced above was fully denied in the amount of $34,666.00.

Section 55243 of the Fee Collection Procedures Law provides that any further claim with regard to the disallowed amount must be brought as an action against the California Department of Tax and Fee Administration in a court of competent jurisdiction in any city or city and county of this state in which the Attorney General has an office on the grounds set forth in the claim. Such action must be filed within 90 days after the mailing of this letter and failure to do so constitutes a waiver of any demand against the state.

Sincerely,

Margaret Topete
Business Taxes Specialist
Appeals & Data Analysis Branch

0031045352 01

EXHIBIT 8

ONLINE SERVICES FILING RECORD:
ACH PAYMENT

State of California
CALIFORNIA DEPARTMENT OF
TAX AND FEE ADMINISTRATION

Taxpayer Name: SGR VENTURES LLC

Account Type: California Firearm and Ammunition Excise Tax

Account Number: 237-302688

Period: December 31, 2024

Submitted: January 31, 2025

Confirmation #: 0-047-255-538

Please review the information below for your payment to the California Department of Tax and Fee Administration. You may want to print a copy for your records.

Your confirmation number is **0-047-255-538**

Paid For:	California Firearm and Ammunition Excise Tax 237-302688		Payment Type:	Return Payment
Paid From:	BANK OF MARIN	****2801	Period End Date:	31-Dec-2024
Payment Amount:	$44,665.00			
Payment Date:	31-Jan-2025			
Submitted Date:	31-Jan-2025 03:10:25 PM			

This is only the payment submission. It is your responsibility to review your bank statement to confirm that this transaction was successful.

Contact Us:
California Department of Tax and Fee Administration 1-800-400-7115
651 Bannon Street
Sacramento, CA 94279
Email CDTFA by visiting http://www.cdtfa.ca.gov/email/

EXHIBIT 9

STATE OF CALIFORNIA

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

PO BOX 942879, SACRAMENTO, CA 94279-0001 MIC: 33
1-916-309-0344 • FAX 1-916-323-9497
www.cdtfa.ca.gov

GAVIN NEWSOM
Governor

AMY TONG
Secretary, Government Operations Agency

NICOLAS MADUROS
Director

SGR VENTURES LLC
13550 DANIELSON ST
POWAY CA 92064-6874

Letter Date:	October 23, 2024
Letter ID:	L0028319741
Case ID:	6304881
Account Type:	CA Firearm Excise Tax
Account Number:	237-302688
Date of Claim:	October 22, 2024
Period Begin:	July 1, 2024
Period End:	September 30, 2024
Amount:	$24,640.00

Dear SGR VENTURES LLC:

The California Department of Tax and Fee Administration (CDTFA) is in receipt of your claim for refund or credit return dated October 22, 2024, for the period and amount referenced above. We will review your claim and notify you if additional information is required.

Please do not claim this refund as a credit on any future returns.

Please refer to the Case ID indicated above on all future correspondence regarding this claim.

If you have any questions, please contact the CDTFA Appeals and Data Analysis Branch at 1-916-309-0284.

California Department of Tax and Fee Administration

0028319741 01

EXHIBIT 10

STATE OF CALIFORNIA

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION
PO BOX 942879, SACRAMENTO, CA 94279-0001 MIC: 33
1-916-309-1277 • FAX 1-916-323-9497
www.cdtfa.ca.gov

GAVIN NEWSOM
Governor

AMY TONG
Secretary, Government Operations Agency

NICOLAS MADUROS
Director

SGR VENTURES LLC
13550 DANIELSON ST
POWAY CA 92064-6874

Letter Date:	November 19, 2024
Letter ID:	L0028874440
Case ID:	6304881
Account Type:	CA Firearm Excise Tax
Account Number:	237-302688
Case Type:	Claim for Refund
Date of Claim:	October 22, 2024
Period Begin:	July 1, 2024
Period End:	September 30, 2024
Amount:	$24,640.00

Dear SGR VENTURES LLC,

This letter is in response to your claim for refund filed with the California Department of Tax and Fee Administration (CDTFA), for the period and amount referenced above. We have reviewed your claim and made a recommendation to deny your claim in full. Please refer to the supplemental information included with, or subsequent to, this letter, which includes an explanation of our findings. If you disagree with our recommendation or if you have further contentions, you may provide additional information within thirty (30) days from the date of this letter. You may submit your documents online at *onlineservices.cdtfa.ca.gov* by selecting *Respond to a Letter/Inquiry* and referencing the Letter ID above.

If you would like to request an appeals conference, you may submit your request online as described for the documents above. You may also mail or fax your request to the above address or fax number. Please submit your request within the same 30-day timeline. If no response is received within the 30-day timeline, your claim will be resolved in accordance with our findings.

If you dispute CDTFA staff's decision regarding the amount you owe, you can also request a settlement and have your case considered under the settlement provisions. Please contact the CDTFA Settlement and Administration Section at 1-916-324-2836. Information relative to the settlement process can also be found on the CDTFA’s website at *www.cdtfa.ca.gov/legal/settlement-program.htm*.

If you have any questions, please contact me at the telephone number or address provided at the top of this letter.

Sincerely,

Sauvera Ali
CDTFA
Appeals & Data Analysis Branch

M e m o r a n d u m

California Department of Tax and Fee Administration
Appeals and Data Analysis Branch

Staff Recommendation

Account Name: SGR VENTURES, LLC.
Account No: 237-302688
Case ID: 6304881
Period: July 01, 2024, through September 30, 2024
Tax Program: California Firearm and Ammunition Excise Tax
Tax Due Date: October 31, 2024
Reply Received: October 22, 2024
Tax Billed: $24,640.00
Tax Paid: $24,640.00

On October 22, 2024, SGR VENTURES, LLC. (taxpayer) submitted a paper request for a Claim for Refund on a California Firearm and Ammunition Excise Tax account for the period July 01, 2024, through September 30, 2024. The taxpayer requests that the California Department of Tax and Fee Administration (CDTFA) refund the tax paid. The taxpayer's California Firearm and Ammunition Excise Tax account was created on June 13, 2024, with a commence date of July 01, 2024. On June 14, 2024 the taxpayer was sent an auto registration letter regarding their new account and filing due date. The taxpayer filed their return in a timely manner and made a payment effective on October 02, 2024 for the amount of $24,640.00 to clear the tax liability in full.

Contentions:

The taxpayer contends, "California's 11% excise tax on firearms and ammunition, Cal. Rev Code §36011 et seq., violates the right to keep and bear arms secured by the Second Amendment to the United States Constitution, as incorporated against the States by the Fourteenth Amendment, and is invalid."

Recommendation:

Deny the claim for refund in full.

Reason:

On September 26, 2023, The Governor signed Assembly Bill 28 that would, commencing July 1, 2024, impose an excise tax in the amount of 11% of the gross receipts from the retail sale in this state of a firearm, firearm precursor part, and ammunition, as specified. The tax would be collected by the state pursuant to the Fee Collection Procedures Law. That said, to the extent taxpayer argues that the imposition of the taxes pursuant to the statutes violates the constitution and impermissible, CDTFA lacks the authority to make such a determination or to order any relief. Article III, Section 3.5 of the California Constitution provides that no administrative agency of the state may declare a statute unenforceable, unconstitutional, or refuse to enforce a statute on the basis of an opinion of the agency that the statute is unconstitutional, unless an appellate court has made a determination that such statute is unconstitutional.

As of the date of this recommendation, no appellate court has ruled that the statutes are unconstitutional. Hence, as an administrative agency, CDTFA, including the Appeals Bureau, cannot consider any contention that would deem a statute unconstitutional or refuse to enforce the statutes. Such argument may be brought before an appropriate appellate court to determine whether there were any violations of any State and/or Federal Constitution. As explained previously, the 11% excise tax on firearms and ammunition was imposed on claimant pursuant to the statutes written and operative during the relevant periods.

EXHIBIT 11

STATE OF CALIFORNIA

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION
PO BOX 942879, SACRAMENTO, CA 94279-0001 MIC: 33
1-916-309-1277 • FAX 1-916-323-9497
www.cdtfa.ca.gov

POWAY WEAPONS & GEAR, INC.
13550 DANIELSON ST
POWAY CA 92064-6874

Letter Date:	November 19, 2024
Letter ID:	L0028797142
Case ID:	6323411
Account Type:	CA Firearm Excise Tax
Account Number:	259-232672
Case Type:	Claim for Refund
Date of Claim:	October 22, 2024
Period Begin:	July 1, 2024
Period End:	September 30, 2024
Amount:	$34,666.00

Dear POWAY WEAPONS & GEAR, INC.,

This letter is in response to your claim for refund filed with the California Department of Tax and Fee Administration (CDTFA), for the period and amount referenced above. We have reviewed your claim and made a recommendation to deny your claim in full. Please refer to the supplemental information included with, or subsequent to, this letter, which includes an explanation of our findings. If you disagree with our recommendation or if you have further contentions, you may provide additional information within thirty (30) days from the date of this letter. You may submit your documents online at *onlineservices.cdtfa.ca.gov* by selecting *Respond to a Letter/Inquiry* and referencing the Letter ID above.

If you would like to request an appeals conference, you may submit your request online as described for the documents above. You may also mail or fax your request to the above address or fax number. Please submit your request within the same 30-day timeline. If no response is received within the 30-day timeline, your claim will be resolved in accordance with our findings.

If you dispute CDTFA staff's decision regarding the amount you owe, you can also request a settlement and have your case considered under the settlement provisions. Please contact the CDTFA Settlement and Administration Section at 1-916-324-2836. Information relative to the settlement process can also be found on the CDTFA's website at *www.cdtfa.ca.gov/legal/settlement-program.htm*.

If you have any questions, please contact me at the telephone number or address provided at the top of this letter.

Sincerely,

Sauvera Ali
CDTFA
Appeals & Data Analysis Branch

Memorandum

California Department of Tax and Fee Administration
Appeals and Data Analysis Branch

Staff Recommendation

Account Name: POWAY WEAPONS & GEAR, INC.
Account No: 259-232672
Case ID: 6323411
Period: July 01, 2024, through September 30, 2024
Tax Program: California Firearm and Ammunition Excise Tax
Tax Due Date: October 31, 2024
Reply Received: October 22, 2024
Tax Billed: $34,666.00
Tax Paid: $34,666.00

On October 22, 2024, POWAY WEAPONS & GEAR, INC. (taxpayer) submitted a paper request for a Claim for Refund on a California Firearm and Ammunition Excise Tax account for the period July 01, 2024, through September 30, 2024. The taxpayer requests that the California Department of Tax and Fee Administration (CDTFA) refund the tax paid. The taxpayer's California Firearm and Ammunition Excise Tax account was created on June 13, 2024, with a commence date of July 01, 2024. On June 14, 2024 the taxpayer was sent an auto registration letter regarding their new account and filing due date. The taxpayer filed their return in a timely manner and made a payment effective on October 01, 2024 for $34,666.00 to clear the tax liability in full.

Contentions:

The taxpayer contends, "California's 11% excise tax on firearms and ammunition, Cal. Rev Code §36011 et seq., violates the right to keep and bear arms secured by the Second Amendment to the United States Constitution, as incorporated against the States by the Fourteenth Amendment, and is invalid."

Recommendation:

Deny the claim for refund in full.

Reason:

On September 26, 2023, The Governor signed Assembly Bill 28 that would, commencing July 1, 2024, impose an excise tax in the amount of 11% of the gross receipts from the retail sale in this state of a firearm, firearm precursor part, and ammunition, as specified. The tax would be collected by the state pursuant to the Fee Collection Procedures Law. That said, to the extent taxpayer argues that the imposition of the taxes pursuant to the statutes violates the constitution and impermissible, CDTFA lacks the authority to make such a determination or to order any relief. Article III, Section 3.5 of the California Constitution provides that no administrative agency of the state may declare a statute unenforceable, unconstitutional, or refuse to enforce a statute on the basis of an opinion of the agency that the statute is unconstitutional, unless an appellate court has made a determination that such statute is unconstitutional.

EXHIBIT 12

California Department of Tax and Fee Administration

Return Payment

POWAY WEAPONS & GEAR, INC.
016-565380

California Firearm and Ammunition Excise Tax
259-232672

$39,841.00

Applies To

31-Mar-2025	39,841.00

History

Source	: EFT
Posted	: 01-May-2025
Received	: 30-Apr-2025

EXHIBIT 13

California Department of Tax and Fee Administration

CDTFA Home | Privacy Notice | Resources | Tax Information Bulletin | Tutorials | Online Chat

Menu | Welcome, JOHN PHILLIPS | Settings | Log Off

Home | California Firearm and Ammunition Excise Tax | Manage Payments and Returns | Return Payment

Return Payment

POWAY WEAPONS & GEAR, INC.
016-565380

California Firearm and Ammunition Excise Tax
259-232672

$30,223.00

Applies To

30-Jun-2025	30,223.00

History

Source	: EFT
Posted	: 23-Jul-2025
Received	: 22-Jul-2025

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EXHIBIT 14

California Department of Tax and Fee Administration

Return Payment

POWAY WEAPONS & GEAR, INC.
016-565380

California Firearm and Ammunition Excise Tax
259-232672

$34,004.00

Applies To

30-Sep-2025	34,004.00

History

Source	: EFT
Posted	: 03-Nov-2025
Received	: 31-Oct-2025

EXHIBIT 15

California Department of Tax and Fee Administration

CDTFA Home | Privacy Notice | Resources | Tax Information Bulletin | Tutorials | Online Chat

Menu | Welcome, JOHN PHILLIPS | Settings | Log Off

Home | California Firearm and Ammunition Excise Tax | Manage Payments and Returns | Return Payment

Return Payment

POWAY WEAPONS & GEAR, INC.
016-565380

California Firearm and Ammunition Excise Tax
259-232672

$49,742.00

Applies To

31-Dec-2025	49,742.00

History

Source	: EFT
Posted	: 23-Jan-2026
Received	: 22-Jan-2026

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EXHIBIT 16

California Department of Tax and Fee Administration

Return Payment

SGR VENTURES LLC
102-114912

California Firearm and Ammunition Excise Tax
237-302688

$44,950.00

Applies To

31-Mar-2025	44,950.00

History

Source	: EFT
Posted	: 01-May-2025
Received	: 30-Apr-2025

EXHIBIT 17

California Department of Tax and Fee Administration

CDTFA Home | Privacy Notice | Resources | Tax Information Bulletin | Tutorials | Online Chat

Menu Welcome, JOHN PHILLIPS | Settings | Log Off

Home | California Firearm and Ammunition Excise Tax | Manage Payments and Returns | Return Payment

Return Payment

SGR VENTURES LLC
102-114912

California Firearm and Ammunition Excise Tax
237-302688

$33,065.00

Applies To

30-Jun-2025	33,065.00

History

Source	: EFT
Posted	: 23-Jul-2025
Received	: 22-Jul-2025

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Email CDTFA | Contact Number: 1-800-400-7115

EXHIBIT 18

California Department of Tax and Fee Administration

CDTFA Home Privacy Notice Resources Tax Information Bulletin Tutorials Online Chat

Menu Welcome, JOHN PHILLIPS Settings Log Off

Home California Firearm and Ammunition Excise Tax Manage Payments and Returns Return Payment

Return Payment

SGR VENTURES LLC
102-114912

California Firearm and Ammunition Excise Tax
237-302688

$35,857.00

Applies To

30-Sep-2025	35,857.00

History

Source	: EFT
Posted	: 03-Nov-2025
Received	: 31-Oct-2025

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Email CDTFA Contact Number: 1-800-400-7115

EXHIBIT 19

California Department of
Tax and Fee Administration

CDTFA Home Privacy Notice Resources Tax Information Bulletin Tutorials Online Chat

Menu Welcome, JOHN PHILLIPS Settings Log Off

Home California Firearm and Ammunition Excise Tax Manage Payments and Returns Return Payment

Return Payment

SGR VENTURES LLC
102-114912

California Firearm and Ammunition Excise Tax
237-302688

$49,647.00

Applies To

31-Dec-2025	49,647.00

History

Source	: EFT
Posted	: 23-Jan-2026
Received	: 22-Jan-2026

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Email CDTFA Contact Number: 1-800-400-7115

EXHIBIT 20

ONLINE SERVICES FILING RECORD:
ACH PAYMENT

State of California
CALIFORNIA DEPARTMENT OF
TAX AND FEE ADMINISTRATION

Taxpayer Name: POWAY WEAPONS & GEAR, INC.

Account Type: California Firearm and Ammunition Excise Tax

Account Number: 259-232672

Period: March 31, 2026

Submitted: April 30, 2026

Confirmation #: 0-056-964-864

Please review the information below for your payment to the California Department of Tax and Fee Administration.
You may want to print a copy for your records.

Your confirmation number is **0-056-964-864**

Paid For:	California Firearm and Ammunition Excise Tax 259-232672	Payment Type:	Return Payment
Paid From:	WELLS FARGO BANK NA ****9748	Period End Date:	31-Mar-2026
Payment Amount:	$44,926.00		
Payment Date:	30-Apr-2026		
Submitted Date:	30-Apr-2026 09:43:01 AM		

This is only the payment submission. It is your responsibility to review your bank statement to confirm that this transaction was successful.

Contact Us:
California Department of Tax and Fee Administration 1-800-400-7115
651 Bannon Street, Suite 100, Sacramento,
CA 95811-0299
Email CDTFA by visiting http://www.cdtfa.ca.gov/email/

EXHIBIT 21

ONLINE SERVICES FILING RECORD:
ACH PAYMENT

State of California
CALIFORNIA DEPARTMENT OF
TAX AND FEE ADMINISTRATION

Taxpayer Name: SGR VENTURES LLC

Account Type: California Firearm and Ammunition Excise Tax

Account Number: 237-302688

Period: March 31, 2026

Submitted: April 30, 2026

Confirmation #: 0-056-912-773

Please review the information below for your payment to the California Department of Tax and Fee Administration. You may want to print a copy for your records.

Your confirmation number is **0-056-912-773**

Paid For:	California Firearm and Ammunition Excise Tax 237-302688		Payment Type:	Return Payment
Paid From:	BANK OF MARIN	****2801	Period End Date:	31-Mar-2026
Payment Amount:	$41,488.00			
Payment Date:	30-Apr-2026			
Submitted Date:	30-Apr-2026 09:49:50 AM			

This is only the payment submission. It is your responsibility to review your bank statement to confirm that this transaction was successful.

Contact Us:
California Department of Tax and Fee Administration 1-800-400-7115
651 Bannon Street, Suite 100, Sacramento,
CA 95811-0299
Email CDTFA by visiting http://www.cdtfa.ca.gov/email/

PROOF OF SERVICE

STATE OF CALIFORNIA
COUNTY OF SACRAMENTO

I, Laura Fera, am employed in the City of Long Beach, Los Angeles County, California. I am over the age eighteen (18) years and am not a party to the within action. My business address is 180 East Ocean Boulevard, Suite 200, Long Beach, California 90802.

On July 16, 2026, I served the foregoing document(s) described as:

VERIFIED AMENDED COMPLAINT FOR DECLARATORY, INJUNCTIVE, AND OTHER RELIEF

on the interested parties in this action by placing
☐ the original
☒ a true and correct copy
thereof by the following means, addressed as follows:

Asha Albuquerque
Deputy Attorney General
455 Golden Gate Ave., Suite 11000
San Francisco, CA 94102
Asha.Albuquerque@doj.ca.gov
Attorneys for Defendants California Department of Tax and Fee Administration and Trista Gonzalez

☐ (BY MAIL) As follows: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under the practice it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid at Long Beach, California, in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date is more than one day after date of deposit for mailing an affidavit.

☒ (BY ELECTRONIC MAIL) As follows: I served a true and correct copy by electronic transmission. Said transmission was reported and completed without error.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on July 16, 2026, at Long Beach, California.

Laura Fera