

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE

House Bill 228
 Judiciary

(Delegate Riley, *et al*)

Handguns - Wearing, Carrying, or Transporting - Permits

This bill repeals one current law finding that must be made by the Secretary of State Police for the issuance of a State handgun permit, *i.e.*, that the applicant has a good and substantial reason to wear, carry, or transport a handgun, such as a finding that the permit is necessary as a reasonable precaution against apprehended danger. The bill also requires the Secretary of State Police to charge an additional fee when an application is filed for a handgun permit, in an amount to be determined by the Secretary, which must be remitted to the general fund. Beginning in fiscal 2009, the Governor must annually appropriate an amount equivalent to the prior fiscal year's revenue from the additional fee to programs designed to combat criminal gang violence.

Fiscal Summary

State Effect: General fund revenues would increase by about \$154,900 in FY 2008 and general fund expenditures would increase by \$280,800. Out-year expenditures reflect annualization, inflation, renewal automobile purchases, and the mandated appropriation.

(in dollars)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
GF Revenue	\$154,900	\$199,500	\$278,300	\$304,500	\$304,500
GF Expenditure	280,800	299,200	303,900	362,600	328,400
Net Effect	(\$125,900)	(\$99,700)	(\$25,600)	(\$58,100)	(\$23,900)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Meaningful. It is assumed that this bill would lead to increased handgun sales in the State.

Analysis

Current Law: To be issued a permit to carry a handgun by the Secretary of State Police, an applicant: (1) must be 18 or older; (2) must not have been convicted of a felony or misdemeanor for which a sentence of imprisonment for more than one year has been imposed or, if convicted, must have been pardoned or been granted relief under federal law; (3) if the person is younger than 30, must not have been committed to a facility for juveniles for longer than one year or adjudicated delinquent for a crime of violence, a felony, or misdemeanor that carries a statutory penalty of more than two years; (4) must not have been convicted of a controlled dangerous substance violation and must not presently be an addict, a habitual user of a controlled dangerous substance, or an alcoholic; (5) must not exhibit a propensity for violence or instability which may reasonably render possession of a handgun a danger to himself or another; and (6) must have a good and substantial reason to wear, carry, or transport a handgun. “Good and substantial reason” includes a finding that the permit is necessary as a reasonable precaution against apprehended danger.

A handgun permit application costs \$75; two years after the initial permit, a \$50 renewal fee is due and every three years thereafter. In addition, the applicant must pay for fingerprint based federal and State criminal history background checks. At a cost of \$42 for the initial application (plus \$10 for the fingerprint cards) and \$24 for renewals (covering a federal re-check only).

Background: There are about 12,000 active handgun permits in Maryland. The State Police denies about 250 applicants per year on the basis of a finding that the person did not have a good and substantial reason to wear, carry, or transport a handgun. Maryland’s Criminal Justice Information System Central Repository must collect the fee from the applicant, or other payer, and reimburse the Federal Bureau of Investigation (FBI) through that agency’s monthly billing.

In 2006, the State Police received 5,881 initial and renewal applications: 2,085 initial applications, 2,653 renewal applications, and 1,143 initial and renewal applications from retired law enforcement personnel. It currently takes an average 30 to 45 days to receive the results of a national criminal history records check from the FBI.

State Revenues: Based on information supplied by the State Police prior to 2007 when a bill was proposed to eliminate the requirement that a person have a “good and substantial reason” for carrying a firearm, it is assumed that this bill would double initial applications annually. Accordingly, assuming an increase of about 2,100 permit applications per year beginning in fiscal 2008, general fund revenues attributable to the State Police for handgun permits would increase by \$118,125 in fiscal 2008 accounting

for the bill's effective date (1,575 permits). In fiscal 2009, the increase would be \$157,500 due to annualization. In fiscal 2010, the additional revenue would be \$236,250, reflecting 2,100 initial applications and 1,575 renewal applications. After fiscal 2010, the additional annual permit application revenue (including renewals) would be \$262,500.

The State Police have advised that the additional fee required under the bill would be set at \$10, an amount that would likely not be impediment to applying for a permit. Accordingly, assuming a total of 4,200 initial handgun permit applications per year, an additional \$42,000 would be remitted to the general fund annually. Accounting for the bill's October 1, 2007, the additional revenue to be remitted in fiscal 2008 would be \$36,750 (based on 3,675 new applications the initial year). Beginning in fiscal 2009, the Governor would be required to appropriate that same amount to programs designed to combat criminal gang violence. The bill does not specify the programs that would receive the new money, beginning in fiscal 2009. Such an appropriation may or may not be handled by the Governor's Office of Crime Control and Prevention.

It is noted that this year the State Police have estimated that this bill would increase applications by 10,000 in fiscal 2008, by 6,600 in 2009, by 3,300 in fiscal 2010, and level out at 1,650 annually thereafter. However, this is considerably inconsistent with the information and estimate provided in prior years and the State Police has not provided a credible explanation for that inconsistency.

State Expenditures: General fund expenditures could increase by an estimated \$280,841 in fiscal 2008, which accounts for the bill's October 1, 2007 effective date. This estimate reflects the cost to hire two full-time troopers and an office clerk to process and issue the additional handgun permit applications, review and issue renewal permits, and prepare information relating to hearings. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$152,816
Motor Vehicle Purchases	45,090
Other Operating Expenses	<u>82,935</u>
Total FY 2008 State Police Expenditures	\$280,841

Future year expenditures reflect: (1) full salaries with 4.5% annual increases and 3% employee turnover; (2) 1% annual increases in ongoing operating expenses; (3) trooper automobile replacement costs in fiscal 2011; and (4) \$42,000 annually beginning in fiscal 2009 due to the required appropriation.

Although the State Police believe that this bill would necessitate the hiring of two administrative officers, three background investigators, three additional troopers, and one corporal/supervisor (at a total cost, including equipment, of \$740,302 in fiscal 2008), Legislative Services advises that that amount of personnel and costs are inconsistent with estimates provided for similar responsibilities in prior years and pegged to considerably lower estimates in the increase of handgun permits to handle.

Additional Information

Prior Introductions: SB 911 and HB 1163 of 2006 each would have repealed the same current law finding. SB 911 received a hearing before the Senate Judicial Proceedings Committee and HB 1163 had a hearing before the House Judiciary Committee. Neither had any further action taken. SB 137 of 2004 contained a similar provision. It received an unfavorable report from the Judicial Proceedings Committee. Similar bills to SB 137 of 2004 have been introduced during prior sessions. SB 382 of 2002, SB 220 of 2001, SB 234 of 1999, and SB 366 of 1998 were withdrawn. SB 234 of 2000 was never reported from the Judicial Proceedings Committee.

Cross File: None.

Information Source(s): Department of State Police, Department of Legislative Services

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