

Department of Legislative Services
2011 Session

FISCAL AND POLICY NOTE

House Bill 343 (Delegate Impallaria, *et al.*)
Judiciary

Public Safety - Handgun Permits - Repeal of Finding Requirements

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.

Fiscal Summary

State Effect: General fund revenues increase by \$95,600 in FY 2012 and general fund expenditures increase by \$359,300. Future years reflect annualization, inflation, renewal automobile purchases, and the licensure issuance and renewal cycle.

(in dollars)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
GF Revenue	\$95,600	\$127,500	\$191,300	\$212,500	\$212,500
GF Expenditure	\$359,300	\$315,500	\$330,000	\$450,600	\$361,300
Net Effect	(\$263,700)	(\$188,000)	(\$138,800)	(\$238,100)	(\$148,800)

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

Local Effect: None.

Small Business Effect: Meaningful. It is assumed that the 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 the applicant 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 recheck only).

Background: There are about 14,000 active handgun permits in Maryland. The Maryland State Police (MSP) denied 162 applications in fiscal 2010 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 fiscal 2010, MSP received about 1,715 initial applications and 1,977 renewal applications per year. Renewal applications from retired law enforcement personnel are included in those totals. It currently takes an average of 30 to 45 days to receive the results of a national criminal history records check from the FBI.

State Revenues: Legislative Services assumes that this bill will double initial applications annually. Accordingly, assuming an increase of about 1,700 permit applications per year beginning in fiscal 2012, general fund revenues attributable to MSP for handgun permits will increase by \$95,625 in fiscal 2012, accounting for the bill's October 1, 2011 effective date (1,275 permits). In fiscal 2013, the increase will be \$127,500 due to annualization. In fiscal 2014, the additional revenue will be \$191,250, reflecting 1,700 initial applications and 1,275 renewal applications. After fiscal 2014, the additional annual permit application revenue (including renewals) will be \$212,500.

It is noted that, for several years, the State Police have estimated that the bill would increase applications by 10,000 in year one, by 6,600 in year two, by 3,300 in year three, and level out at 1,650 annually thereafter. However, these assumptions continue to be inconsistent with the information and estimate provided in prior sessions. MSP has not

provided a credible explanation for the inconsistency and Legislative Services advises that, since 2008, MSP has overestimated the potential increase in applications resulting from the bill.

State Expenditures: General fund expenditures may increase by an estimated \$359,300 in fiscal 2012, which accounts for the bill’s October 1, 2011 effective date. This estimate reflects the cost to hire two full-time troopers and one administrative officer/investigator 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	\$210,555
Motor Vehicle Purchases	99,244
ID Printer	27,422
Other Operating Expenses	<u>22,128</u>
Total FY 2012 State Police Expenditures	\$359,349

Future year expenditures reflect full salaries with 4.4% annual increases and 3% employee turnover; (2) 1% annual increases in ongoing operating expenses; and (3) automobile replacement costs in fiscal 2015.

Although MSP believes that the bill will necessitate the hiring of three additional troopers, one corporal/supervisor, four civilian background investigators, and two civilian administrative aides (at a total cost, including equipment, of about \$1.0 million in fiscal 2012), Legislative Services advises that a nearly 600% increase in initial applications resulting from the bill is highly unlikely. All other requirements for handgun permits must still be met. Even assuming the MSP estimate of 10,000 new initial applications in year one, MSP’s estimate of precipitous declines in applications thereafter (including an assumption of falling demand for renewal permits in succeeding years – due to the wearing off of the “novelty”) suggests a lack of continuing need for that level of additional personnel.

Additional Information

Prior Introductions: HB 683 of 2010 received a hearing in the House Judiciary Committee, but no further action was taken.

Cross File: None.

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

Fiscal Note History: First Reader - March 6, 2011
mc/hlb

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