

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
 First Reader

Senate Bill 1091 (Senator Hough)
 Judicial Proceedings

Public Safety - Permit to Wear, Carry, or Transport a Handgun - Expiration and Renewal

This bill increases the term of a permit to wear, carry, or transport a handgun. Specifically, the bill increases, from two to five years, the time period before an initial permit expires; it likewise increases, from three to five years, the time period before a permit already held may be renewed.

Fiscal Summary

State Effect: Potential significant impact on general fund revenues, but most of the impact is delayed. *Under one set of assumptions*, general fund revenues from handgun permit renewal fees decrease by \$110,000 in FY 2020, \$296,650 in FY 2021, and \$346,650 in FY 2022 due to the change in the term of the initial and renewal permits (assuming these permit holders would otherwise renew their permits). In addition, it is assumed that operational efficiencies accrue to the Department of State Police (DSP).

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
GF Revenue	\$0	\$0	(\$110,000)	(\$296,700)	(\$346,700)
Expenditure	0	0	0	0	0
Net Effect	\$0	\$0	(\$110,000)	(\$296,700)	(\$346,700)

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

Local Effect: None.

Small Business Effect: Minimal. Operational efficiencies may be realized by small businesses that require employees to have a handgun permit.

Analysis

Current Law: A permit to carry, wear, or transport a handgun expires on the last day of the holder's birth month following two years after the date the permit is issued. A permit may be renewed for successive periods of three years each if, at the time of an application for renewal, the applicant possesses the qualifications for the issuance of a permit and pays the renewal fee.

Generally, with certain exceptions, to be issued a handgun permit 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) 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; (4) must not exhibit a propensity for violence or instability which may reasonably render possession of a handgun a danger to the applicant or another; (5) must have successfully completed, prior to application and each renewal, a specified firearms training course approved by the Secretary; (6) if 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; and (7) 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. The Secretary may limit the geographic area, circumstances, or times of day, week, month, or year in which a permit is effective.

A handgun permit application costs \$75; two years after the initial permit and every three years thereafter, a \$50 renewal fee is due. In addition, the applicant must pay for fingerprint-based federal and State criminal history background checks for an initial application. A person who applies for a renewal of a handgun permit is not required to be fingerprinted unless the Secretary requires a set of the person's fingerprints to resolve a question of the person's identity.

A handgun permit applicant must successfully complete, prior to the application and each renewal, a firearms training course approved by the Secretary that includes (1) for an initial application, a minimum of 16 hours of instruction by a qualified handgun instructor, or 8 hours of instruction for a renewal application; (2) classroom instruction on State firearm law, home firearm safety, and handgun mechanisms and operation; and (3) a firearms qualification component that demonstrates the applicant's proficiency and use of the firearm.

An applicant for a permit is not required to complete a certified firearms training course if the applicant:

- is a law enforcement officer or a person who is retired in good standing from service with a law enforcement agency of the United States, the State, or any local law enforcement agency in the State;
- is a member, retired member, or honorably discharged member of the U.S. Armed Forces or the National Guard;
- is a qualified handgun instructor; or
- has completed a firearms training course approved by the Secretary.

Background: In 2016, DSP received 3,965 new applications for a handgun permit and 4,210 handgun permit renewal applications. There are currently approximately 17,800 active handgun permits in the State. It generally takes less than two days to receive the results of a national criminal history records check from the Federal Bureau of Investigation and approximately 90 days to process, investigate, and issue a permit.

State Revenues: The bill modifies the initial and renewal terms of a handgun permit to be five years instead of the current two-year and three-year terms set in statute. Fees are currently set at the statutory maximum amounts (of \$75 and \$50, respectively); the bill does not increase the statutory fee cap; thus, the Secretary is not able to make proportionate increases in the fees for a handgun permit. Accordingly, general fund fee revenues decrease, but not initially; the impact is delayed, with a greater impact in the out-years. Under the assumptions discussed below, general fund revenues decrease by a combined total of \$110,000 in fiscal 2020, \$296,650 in fiscal 2021, and \$346,650 in fiscal 2022.

DSP advises that the number of initial handgun permits issued totaled 2,024 in 2014, 2,811 in 2015, and 3,965 in 2016. In the same years, 3,572, 4,226, and 4,210 handgun permits were renewed.

Assuming an average of 2,933 initial permits each year, fee revenues from initial permits are unchanged by the bill. These permit holders simply have a longer term to hold their permit; the impact is on the timing of fee revenues at renewal when they pay the same renewal fee as they currently would, just three years later. Given the bill's October 1, 2017 effective date, approximately 25% of individuals who initially obtain their permit in fiscal 2018 do so for a two-year term and must renew in fiscal 2020; the other 75% obtain their initial permit with a five-year term and do not have to renew until fiscal 2023. Thus, in fiscal 2020, fee revenues for first-time renewals decrease by \$110,000 (2,200 x \$50). In fiscal 2021 and 2022, the full-year impact of the longer initial permit validity period is felt, with reduced revenues of \$146,650 (2,933 x \$50) for first-time renewals that are delayed until fiscal 2024 and 2025 under the bill.

The bill also impacts revenues for other renewal permits due to the longer term to hold the permit. Assuming 4,000 permit holders continue to renew their permits every five years, rather than every three years, the impact on fee revenues begins in fiscal 2021 for this group. Given the bill's October 1, 2017 effective date, approximately 25% of individuals who have held permits must renew their current permit for a three-year term in fiscal 2018; that group is subject to renewal again in fiscal 2021. The remaining 75% of individuals who renew in fiscal 2018 are able to do so for the full five-year term and are not due to renew again until fiscal 2023. Thus, in fiscal 2021, fee revenues for ongoing renewals decrease by \$150,000 (3,000 x \$50). In fiscal 2022, the full-year impact of the longer renewal permit validity period is felt, with reduced revenues of \$200,000 (4,000 x \$50).

Additional Information

Prior Introductions: SB 667 of 2016 received a hearing the Senate Judicial Proceedings Committee, but no further action was taken.

Cross File: None designated. However, HB 821 (Delegate Rey, *et al.* – Judiciary is identical except for the title.

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

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mm/lgc

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