

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
 First Reader

Senate Bill 880 (Senators Bailey and Hough)
 Judicial Proceedings

Firearms - Dealer's License and Handgun Permit - Notice of Expiration

This bill requires the Secretary of State Police to mail written notice, at least 60 days before expiration, to (1) a firearm’s dealer licensee of the impending expiration of the dealer’s license and (2) a handgun permit licensee of the impending expiration of the handgun permit.

Fiscal Summary

State Effect: General fund expenditures increase by \$194,200 in FY 2021. Future years reflect annualization and ongoing costs. Revenues are not affected.

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	194,200	196,000	201,000	207,000	213,300
Net Effect	(\$194,200)	(\$196,000)	(\$201,000)	(\$207,000)	(\$213,300)

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law:

Firearms Dealer’s License

No person may engage in the business of selling, renting, or transferring regulated firearms unless the person lawfully possesses and conspicuously displays at the place of business,

in addition to any other license required by law, a regulated firearms dealer's license issued by the Secretary of State Police. Such a licensee must have already been issued a federal firearms dealer's license. The license must identify the licensee and the location of the licensee's place of business. One license is required for each place of business where regulated firearms are sold. A firearms dealer's license expires on June 30 of each year and is nontransferable. The initial license fee is \$50, and the annual renewal fee is \$25. If a licensee changes the licensee's place of business, the licensee must inform the Department of State Police (DSP) of the change and surrender the license. If no cause exists for the revocation of the license, a new license is issued, without fee, covering the new place of business for the duration of the unexpired term of the surrendered license.

Handgun Permit

Generally a permit to wear, carry, 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; however, the Secretary may establish an alternative expiration date for a permit to coincide with the expiration of a private detective license, a security guard certification, or a special police officer commission. 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. Current law requirements and background relating to the issuance of handgun permits is summarized in the **Appendix – Handgun Permit Requirements – Current Law/Background**.

State Expenditures: General fund expenditures increase by \$194,196 in fiscal 2021, which accounts for the bill's October 1, 2020 effective date. This estimate reflects the cost of hiring 4.5 contractual office service clerks and one contractual office service clerk supervisor to prepare and mail the required letters to licensed firearms dealers and handgun permit holders. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses, including mailing supplies and postage. The information and assumptions used in calculating the estimate are stated below:

- there are currently 353 licensed firearms dealers in the State;
- DSP's electronic licensing system currently provides electronic reminders regarding impending license expirations but does not generate letters for mailing;
- there are currently approximately 26,822 active handgun permits in the State;
- DSP does not currently notify handgun permit holders of impending permit expirations; and
- in order to notify handgun permit holders of impending permit expirations, DSP must research the date of birth of each permit holder and determine if the permittee holds another license for which an alternative expiration date was established.

Contractual Positions	5.5
Salaries and Fringe Benefits	\$134,761
Mailing Supplies and Postage	27,475
Other operating Expenses	<u>31,960</u>
Total FY 2021 DSP Expenditures	\$194,196

Future year expenditures reflect full salaries with annual increases and employee turnover and ongoing operating expense. In addition, future year expenditures reflect an increase in the number of handgun permit holders and licensed firearms dealers over time.

This estimate does not include:

- any programming costs for updates to DSP’s electronic licensing system that may be necessary;
- any increases in the cost of postage over time; and
- any health insurance costs that could be incurred for specified contractual employees under the State’s implementation of the federal Patient Protection and Affordable Care Act.

This analysis assumes that the process for generating the required letters can eventually be handled through DSP’s electronic licensing system. At that point, DSP no longer needs the contractual employees.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

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

Fiscal Note History: First Reader - February 25, 2020
af/lgc

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Appendix – Handgun Permit Requirements – Current Law/Background

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 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.

A handgun permit application costs \$75; two years after the initial permit and every three years thereafter, a \$50 renewal fee is due. The applicant must pay the fee by an electronic check, a credit card, or a method of online payment approved by the Secretary.

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.

Generally a handgun permit expires on the last day of the holder's birth month following two years after the date the permit is issued; however, the Secretary may establish an alternative expiration date for a permit to coincide with the expiration of a private detective license, a security guard certification, or a special police officer commission. 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.

In 2019, the Department of State Police (DSP) received 5,283 new applications for handgun permits and 7,945 handgun permit renewal applications. DSP denied 569 applications in the same year. There are currently approximately 26,822 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.