

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 884 (Delegate O'Donnell, et al.)
Judiciary

Self-Defense Act of 1996

This bill eliminates the requirements that a person have a “good and substantial reason” for getting a handgun permit and not exhibit “a propensity for violence or instability.” However, it prohibits permits for people who have been in-patient psychiatric patients for more than three days or have been convicted of sex crimes, spousal assault, or child abuse. The bill requires an applicant for a handgun permit to complete a handgun instruction course or demonstrate proficiency with a firearm, and requires that an applicant be at least 21 years old.

In addition, the Department of State Police is required to issue a permit within 90 days, must approve handgun courses, and may not place restrictions on handgun permits. Fees, fines, and permit durations are also altered. The bill also allows a person with a valid handgun permit from another state to carry a handgun in Maryland.

Fiscal Summary

State Effect: General fund revenues would decrease by \$331,000 and general fund expenditures would decrease by \$455,000 in FY 1997. Future years reflect annualization of these amounts. Special fund revenues would increase by \$332,000 and expenditures would increase by \$1.062 million FY 1997. Future year revenue and expenditure projections fluctuate due to changes in the fee schedule.

| (\$ in millions) | FY 1997 | FY 1998 | FY 1999 | FY 2000 | FY 2001 |
|------------------|--------------|--------------|--------------|--------------|--------------|
| GF Revenues | (\$0.331) | (\$0.441) | (\$0.441) | (\$0.441) | (\$0.441) |
| SF Revenues | 0.332 | 0.443 | 0.524 | (0.174) | 0.524 |
| GF Expenditures | (0.455) | (0.607) | (0.607) | (0.607) | (0.607) |
| SF Expenditures | <u>1.062</u> | <u>1.416</u> | <u>1.577</u> | <u>1.167</u> | <u>1.577</u> |
| Net Effect | (\$0.606) | (\$0.807) | (\$0.887) | (\$1.175) | (\$0.887) |

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

Local Effect: None.

Fiscal Analysis

Background: Under current law a handgun permit application costs \$75 and a \$50 renewal is required every two years. There are 18,192 people in Maryland licensed to carry a handgun. In 1995 the State Police issued 2,870 initial handgun permit applications. The average number of handgun permit applications for the past three years is 1,606; the average number of permit renewals is 7,315, and the average number of duplicate permits issued is 1,710 annually. It currently takes a minimum of 60 to 90 days to receive the results of a national criminal history record check from the Federal Bureau of Investigation (FBI).

State Revenues: The bill diverts all revenue collected for handgun permits to a special Self Defense and Personal Safety Fund (SDPSF). Assuming 1,606 permit applications are received, one-third of existing permits are renewed, and 1,710 duplicate permit applications are processed, general fund revenues would decrease by \$330,615 in fiscal 1997 and \$440,800 annually. This amount is not fully reflected in SDPSF revenues, as changes in the fee schedule reduce the revenue stream that is diverted to the SDPSF.

The bill extends the duration of a permit from three to four years, and reduces the renewal fee from \$50 to \$25. Assuming one-third of permits renew each year, the amount diverted to the SDPSF would be reduced by \$137,200 in fiscal 1997, by \$182,900 in fiscal 1998, and by \$263,200 in fiscal 1999 and 2001. The reduction in fiscal 2000 would be \$526,400 as no renewals would come due that year. This is greater than the current revenue stream, reflecting the increase in the number of permits anticipated as a result of this bill.

The bill exempts handgun permit holders from paying the \$10 handgun registration fee. Assuming each handgun owner buys one gun a year, the revenue stream diverted to the SDPSF could be further reduced by \$91,000 in fiscal 1997 and \$121,310 annually.

Other provisions of the bill would increase the revenue streams that are going to the SDPSF.

The State Police estimate removing the requirement that a permit holder be a Maryland resident could double the number of permit applications. In addition, the bill changes the fee from \$75 to \$80. Assuming 1,606 applications at the higher fee rate and twice that number of new applications, revenues sent to the SDPSF would \$198,700 higher in fiscal 1997 than under current law. In future years SDPSF revenues would be \$265,000 higher.

The State Police issue approximately 1,710 duplicate licenses annually. Raising the fee from \$10 to \$15 would raise \$6,400 in fiscal 1997 and \$8,600 annually.

The State Police estimate the \$15 late fee imposed in the bill will be collected on 1% of renewals. As the State Police are required to send the permit holders renewal notices it is assumed few will be subject to this penalty. This would raise \$1,400 in fiscal 1997 and an estimated \$1,800 annually, although no revenue would be collected in fiscal 2000 as no

renewals would come due that year.

State Expenditures: The bill directs that expenditures for handgun permits come from the SDPSF. This would presumably eliminate the general funds currently used for this purpose. It is estimated that this would reduce general fund expenditures by \$455,000 in fiscal 1997 and by \$607,100 annually thereafter.

Based on information from the Department of State Police, the Department of Fiscal Services estimates that it costs \$189 to process a handgun permit application and issue a license. This includes salaries, fringe benefits, equipment, and administrative costs. The State Police estimate that this bill could double the number of handgun permit applications received annually. Assuming 3,210 additional permit applications are filed annually, SDPSF expenditures could be higher than current general fund expenditures by \$455,300 in fiscal 1997 and \$607,100 annually.

The bill requires applicants to submit fingerprints, but does not permit the State Police to recover a fee to run a criminal history records check. Assuming the State Police continue to run criminal history record checks on permit applicants, expenditures would increase by \$42 for each license application. Assuming 4,818 record checks per year, this would cost \$151,788 in fiscal 1997 and \$202,356 annually.

The bill requires the State Police to mail a renewal notice to each permit holder at least 90 days before the permit expires. Any increase in costs would be offset by savings from changing to a four-year renewal period.

Because the national criminal history record check cannot be done within the time required by the bill, it is assumed that the State Police will be required to revoke permits that have been issued. It is assumed that this can be done with existing resources.

The State Police is required to establish an automated list of handgun permit holders and make the list available to any law enforcement agency. Currently, this database is stored on file cards and other forms of paper. This would require additional computer programming as well as data entry. While the cost of such a system cannot be reliably estimated at this time, it is assumed to be significant.

The State Police are required to approve handgun courses. This can be handled with existing budgeted resources.

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

Fiscal Note History: First Reader - March 12, 1996

ncs

Analysis by: Robert C. Bates
Reviewed by: John Rixey

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 841-3710
(301) 858-3710