

**Department of Legislative Services**  
Maryland General Assembly  
2000 Session

**FISCAL NOTE**

Senate Bill 234 (Senator Ferguson. *et al.*)

Judicial Proceedings

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**Self-Defense Act - Rule of Law**

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This bill alters current law provisions relating to handgun permits in Maryland.

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**Fiscal Summary**

**State Effect:** General fund revenues would increase due to the issuance of more initial handgun permits, and decrease due to changes in provisions governing permit renewals. Accordingly, general fund revenues would increase by \$41,600 in FY 2001, but would begin to show annual decreases by FY 2003. General fund expenditures would increase by \$151,000 in FY 2001 due to the issuance of more handgun permits. Out-years reflect annualization, inflation, and renewal automobile purchases.

(in dollars)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues (net)	\$41,600	\$55,500	\$55,500	(\$74,200)	(\$74,200)
GF Expenditures	151,000	127,800	132,900	168,800	144,300
Net Effect	(\$109,400)	(\$72,300)	(\$77,400)	(\$243,000)	(\$218,500)

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

**Local Effect:** None.

**Small Business Effect:** Meaningful effect on those small businesses that provide handgun instruction.

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## Analysis

**Summary:** 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.” It provides that applicants for a handgun permit must complete a handgun instruction course and be at least 21 years old. The bill alters fees for handgun permits by (1) decreasing, from \$50 to \$35, the fee for a renewal or subsequent application; and (2) extending, from three years to five years, the life of an approved permit renewal.

In addition, the Department of State Police must issue a permit within 45 days and establish a specified certification process for handgun instructors. Restrictions may not be placed on handgun permits.

The bill also increases the membership of the Handgun Permit Review Board in the Department of Public Safety and Correctional Services from five to seven members, and alters the time frames within which the board operates.

**Current Law:** A handgun permit application costs \$75; every two years a \$50 renewal is required. In addition, a variety of criteria and conditions must be met by an applicant, including: (1) being at least 18 years old; (2) passing a State and national criminal history record check; (3) based on the results of investigation, not exhibiting a propensity for violence or instability; and (4) having a “good and substantial reason to wear, carry, or transport a handgun.”

**Background:** There are approximately 28,000 people in Maryland licensed to carry a handgun. The State Police issues an average of 1,297 initial handgun permits 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 Fiscal Effect:** Based on information from the Department of State Police, the Department of Legislative Services estimates that it costs \$189 to process a handgun permit application and issue a license. The fee for a handgun permit is \$75; it costs the State Police an estimated \$114 per application. This includes salaries, fringe benefits, equipment, and administrative costs. Changing the renewal application fee from \$50 to \$35, and extending the life of a renewal permit from three years to five years, will also have a fiscal impact since the current \$50 fee every three years is estimated to cover costs.

The State Police estimates that elimination of the requirements that a person have a “good and substantial reason” for carrying a firearm and not show a “propensity for violence or instability,” and eliminating restrictions on permits, will lead to a 200% increase in annual applications in each of the next five years, even after accounting for a small decrease since people age 18 through 20 will no longer be eligible.

Accordingly, an additional 2,594 initial applications per year are expected to increase revenues by \$194,550 annually. Accounting for the bill’s October 1, 2000, effective date, the revenue increase for fiscal 2001 is expected to be \$145,950.

However, revenues from handgun permit fees will also decrease due to the bill’s changes in cost for permit renewals and the lengthened renewal cycle. The State Police estimates that there are about 9,268 annual renewals of permits based on the current three-year renewal cycle. Initially, the bill’s \$15 reduction in renewal fees would generate a revenue loss in fiscal 2001, accounting for the bill’s effective date, of about \$104,300. For fiscal years 2002 and 2003, this amount (annualized) would be \$139,000. Fiscal 2004 and 2005 would initiate annual losses of about \$268,700 due to the bill’s extended renewal period. Renewal fee income would not begin to mitigate against this magnitude of loss until fiscal 2006.

The net effect on revenues is a \$41,600 increase in fiscal 2001, becoming a \$74,200 decrease in fiscal 2005.

General fund expenditures could increase by an estimated \$151,049 in fiscal 2001, which accounts for the bill’s October 1, 2000, effective date. This estimate reflects the cost of hiring one State trooper, one civilian data device operator, and one office secretary to process and issue the additional initial handgun permit applications, prepare information relating to hearings, and perform the functions associated with handgun instructor certifications. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$90,976
Automobile Purchase	22,066
Other Operating Expenses	<u>38,007</u>
<b>Total FY 2001 State Expenditures</b>	<b>\$151,049</b>

Future year expenditures reflect (1) full salaries with 4.5% annual increases and 3% employee turnover; (2) 1% annual increases in ongoing operating expenses; and (3) trooper automobile replacement costs in fiscal 2004.

Finally, meeting the bill's standard for issuing permits within 45 days would not be able to be met at the present time because it takes at least 60 days, and usually 90 days, for criminal history record checks to be returned by the FBI.

It is assumed that the bill's changes relating to the Handgun Permit Review Board would cause some logistical changes in the board's operations, but could be accommodated with the existing budgeted resources of the Department of Public Safety and Correctional Services.

**Small Business Effect:** There are an estimated 350 handgun instructors in the State, the majority of which are assumed to be small businesses. The bill requires that the State Police certify and regulate handgun instructors. In order to be issued a certified handgun instructor's permit, an applicant must have had formal training in the care, safety, and use of handguns; have achieved a score of 70% on a fire range test as a practical police course; have taught a course in the care, safety, and use of handguns for at least one year; and be certified as a National Rifle Association handgun instructor. These requirements may restrict new handgun instructors from entering the profession and may increase the cost of doing business.

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### **Additional Information**

**Prior Introductions:** Similar bills have been introduced during prior sessions. In 1999, SB 234 was withdrawn. In 1998, SB 366 was withdrawn. In 1997, SB 351 received an unfavorable report from the Senate Judicial Proceedings Committee.

**Cross File:** None.

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

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