

Department of Legislative Services
2010 Session**FISCAL AND POLICY NOTE**

House Bill 683

(Delegate Riley, *et al.*)

Judiciary

Public Safety - Handgun Permits - Repeal of Finding Requirement

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 \$118,100 in FY 2011 and general fund expenditures increase by \$357,000. Future years reflect annualization, inflation, renewal automobile purchases, and the licensure issuance and renewal cycle.

(in dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
GF Revenue	\$118,100	\$157,500	\$236,300	\$262,500	\$262,500
GF Expenditure	\$357,000	\$302,100	\$315,700	\$386,400	\$344,800
Net Effect	(\$238,900)	(\$144,600)	(\$79,400)	(\$123,900)	(\$82,300)

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 12,000 active handgun permits in Maryland. The Department of State Police (DSP) denies about 2.5% of applicants per year 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.

DSP receives about 5,900 initial and renewal applications per year: 2,100 initial applications, 2,700 renewal applications, and 1,140 initial and renewal applications from retired law enforcement personnel. 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 2,100 permit applications per year beginning in fiscal 2011, general fund revenues attributable to DSP for handgun permits will increase by \$118,125 in fiscal 2011, accounting for the bill’s October 1, 2010 effective date (1,575 permits). In fiscal 2012, the increase will be \$157,500 due to annualization. In fiscal 2013, the additional revenue will be \$236,250, reflecting 2,100 initial applications and 1,575 renewal applications. After fiscal 2013, the additional annual permit application revenue (including renewals) will be \$262,500.

It is noted that, since 2008, the State Police 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 are inconsistent with the information and estimate provided in prior sessions. DSP has not provided a credible explanation for the inconsistency and Legislative Services advises that, since 2008, DSP has overestimated the potential increase in applications resulting from the bill.

State Expenditures: General fund expenditures may increase by an estimated \$357,000 in fiscal 2011, which accounts for the bill's October 1, 2010 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	\$205,747
Motor Vehicle Purchases	97,525
Other Operating Expenses	<u>53,698</u>
Total FY 2011 State Police Expenditures	\$356,970

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 2014.

Although DSP 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 \$942,000 in fiscal 2011), Legislative Services advises that this amount of personnel and costs is inconsistent with estimates provided for bills with similar responsibilities in most prior years. Even assuming the DSP estimate of 10,000 new initial applications in fiscal 2011, DSP's estimate of precipitous declines in applications thereafter (including an assumption of falling demand for renewal permits in succeeding years) suggests a lack of continuing need for that level of additional personnel.

Additional Information

Prior Introductions: HB 470 of 2009 received an unfavorable report from the House Judiciary Committee. HB 2 of 2008 received a hearing before the House Judiciary Committee, but no further action was taken. SB 762 of 2007 received a hearing before the Senate Judicial Proceedings Committee, but no further action was taken. Similar bills were introduced at the 1998, 1999, 2001, 2002, 2004, and 2006 sessions.

Cross File: None.

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

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