

Department of Legislative Services  
 Maryland General Assembly  
 2017 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 663 (Delegate Reilly, *et al.*)  
 Judiciary

Public Safety - Permit to Carry, Wear, or Transport a Handgun - Qualifications

This bill specifies that, under provisions applicable to requirements for the issuance of a permit to wear, carry, or transport a handgun, personal protection or self-defense constitute a good and substantial reason for issuance of the permit.

Fiscal Summary

**State Effect:** General fund revenues increase by \$7.5 million in FY 2018 from the issuance of additional handgun permits and the payment of associated fees. Future year revenues reflect the licensure issuance and renewal cycle as well as a decrease in new permit applications and renewals over time. General fund expenditures for the Department of State Police (DSP) increase by \$4.5 million in FY 2018 to process additional handgun permit applications. Future year expenditures reflect annualization and, in FY 2021, automobile replacement.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
GF Revenue	\$7,500,000	\$6,375,000	\$9,918,800	\$8,656,000	\$7,560,100
GF Expenditure	\$4,497,900	\$4,318,200	\$4,368,900	\$5,923,400	\$4,724,800
Net Effect	\$3,002,100	\$2,056,800	\$5,549,900	\$2,732,500	\$2,835,300

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

**Local Effect:** None.

**Small Business Effect:** Meaningful. It is assumed that the bill leads to an increase in the number of handgun carry permits sought in the State. Small businesses that provide firearm instruction may benefit from an increase in the demand for their services.

## Analysis

**Current Law:** Generally, with certain exceptions, to be issued a permit to carry, wear, or transport 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) 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 a 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 initial applications and renewals. A permit 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.

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. DSP has denied an average of less than 10% of nonpolice-related applications annually on the basis of a finding that the person did not have a “good and substantial reason” for the permit.

**State Revenues:** The Department of Legislative Services (DLS) estimates that this bill increases new handgun permit applications by about 100,000 in fiscal 2018. This is due in part to the surge in sales during recent years, and assumes a similar experience to that which was experienced in Wisconsin in 2012 when nearly 99,000 additional carry permit applications were received after its law was changed.

Assuming an increase of about 100,000 permit applications in fiscal 2018, general fund revenues from handgun permit fees increase by an estimated \$7.5 million in fiscal 2018. By fiscal 2022, the increase in general fund revenues for initial applications and renewals decreases to \$7.6 million; this estimate assumes that, over time, initial handgun permit applications decline by 15% per year, and that the total number of permits renewed decreases by 10% annually. **Exhibit 1** shows the estimated increase in general fund revenues from additional handgun permit fees through fiscal 2022.

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**Exhibit 1**  
**Estimated Handgun Permit Fee Revenue under the Bill**

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
New Apps.	100,000	85,000	72,250	61,413	52,201
Fee Revenue	\$7,500,000	\$6,375,000	\$5,418,750	\$4,605,975	\$3,915,075
Renewals	-	-	90,000	81,000	72,900
Fee Revenue	-	-	4,500,000	4,050,000	3,645,000
<b>Total Revenue</b>	<b>\$7,500,000</b>	<b>\$6,375,000</b>	<b>\$9,918,750</b>	<b>\$8,655,975</b>	<b>\$7,560,075</b>

Source: Department of Legislative Services

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**State Expenditures:** General fund expenditures for DSP increase by an estimated \$4,497,940 in fiscal 2018, which reflects the bill’s October 1, 2017 effective date. This estimate reflects the cost to hire 10 full-time troopers, 18 office services clerks, and 44 contractual background check investigators to process and issue the additional handgun permit applications, review and issue renewal permits, and prepare information relating to hearings. The estimate includes salaries and fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions (Regular)	28
Positions (Contractual)	44
Salaries and Fringe Benefits (Regular)	\$1,683,675
Salaries and Fringe Benefits (Contractual)	1,370,998
Motor Vehicle Purchases and Operations	689,262
Additional Police and Civilian Equipment	656,940
Other Operating Expenses	<u>97,065</u>
<b>Total FY 2018 DSP Expenditures</b>	<b>\$4,497,940</b>

Future year expenditures reflect full salaries with annual increases and employee turnover and ongoing operating expenses. In fiscal 2021, it also reflects automobile replacement costs.

This estimate does not include 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.

Although DSP also projects considerable trooper and civilian overtime costs in fiscal 2018 (\$10.7 million), as well as the need for 2 additional regular positions and 59 additional contractual positions, DLS believes that such needs are unclear going forward due to the new resources for automation and additional personnel for the Licensing Division provided in the State budget since fiscal 2014 and included in this analysis. Should overtime or additional personnel costs emerge, it could be handled through the annual budget process.

**Additional Comments:** In *Woollard v. Gallagher* (No. 12-1437), the U.S. Court of Appeals for the Fourth Circuit considered the constitutionality of Maryland’s “good and substantial reason” handgun permit requirement. On March 21, 2013, the Fourth Circuit reversed the District Court opinion, and Maryland’s “good and substantial” requirement was upheld as constitutional.

## **Additional Information**

**Prior Introductions:** SB 184 of 2016 received a hearing in the Senate Judicial Proceedings Committee, but no further action was taken on the bill. Its cross file, HB 375, received a hearing in the House Judiciary Committee, but no further action was taken. SB 100 of 2015 received a hearing in the Senate Judicial Proceedings Committee, but no further action was taken on the bill. Its cross file, HB 767, received a hearing in the House Judiciary Committee, but no further action was taken on the bill.

**Cross File:** SB 511 (Senator Norman, *et al.*) - Judicial Proceedings.

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

**Fiscal Note History:** First Reader - March 6, 2017  
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