

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2425 – SB 2238

March 15, 2016

**SUMMARY OF ORIGINAL BILL:** Lowers the minimum age for receiving a handgun carry permit from 21 years of age to 18 years of age.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue –

- Exceeds \$25,200/Handgun Permit Division/Each Year FY16-17 through  
FY19-20
- Exceeds \$52,000/Handgun Permit Division/FY20-21 and Subsequent Years
- Exceeds \$28,400/Tennessee Bureau of Investigation/FY16-17 and  
Subsequent Years

Increase State Expenditures –

- Exceeds \$1,200/Handgun Permit Division/Each Year FY16-17 through  
FY19-20
- Exceeds \$2,400/Handgun Permit Division/FY20-21 and Subsequent Years
- Exceeds \$11,300/Tennessee Bureau of Investigation/FY16-17 and  
Subsequent Years

Increase Local Revenue – Exceeds \$8,000/FY16-17 and Subsequent Years

**SUMMARY OF AMENDMENT (014099):** Deletes and rewrites the bill such that the only substantive change is to make the provisions of the original bill only applicable to 18 year olds who are active duty military members or honorably discharged military veterans and establishes a January 1, 2017 effective date.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue –

- Exceeds \$6,800/Handgun Permit Division/FY20-21
- Exceeds \$13,500/Handgun Permit Division/FY21-22 and Subsequent Years
- Exceeds \$7,200/Tennessee Bureau of Investigation/FY16-17
- Exceeds \$14,300/Tennessee Bureau of Investigation/FY17-18 and  
Subsequent Years

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**Increase State Expenditures –**

**Exceeds \$300/Handgun Permit Division/FY16-17**

**Exceeds \$600/Handgun Permit Division/Each Year FY17-18 through  
FY19-20**

**Exceeds \$900/Handgun Permit Division/FY20-21**

**Exceeds \$1,200/Handgun Permit Division/FY21-22 and Subsequent Years**

**Exceeds \$2,800/Tennessee Bureau of Investigation/FY16-17**

**Exceeds \$5,700/Tennessee Bureau of Investigation/FY17-18 and  
Subsequent Years**

**Increase Local Revenue – Exceeds \$2,000/FY16-17**

**Exceeds \$4,100/FY17-18 and Subsequent Years**

Assumptions for the bill as amended:

- Based on information provided by the Department of Safety (DOS), the five-year average for new initial handgun carry permit applications is 54,019 per year; the five-year average for permit renewals is 67,422 per year.
- The average fee for a new handgun carry permit is \$115.
- From every new initial permit fee paid, \$15 is allocated to the applicable sheriff's department to cover the cost of a local background check; \$15 is allocated to the Tennessee Bureau of Investigation (TBI) for updating and maintaining their databases; \$38 is allocated to the TBI to cover the \$8.34 paid to fingerprint vendors, TBI background checks, and \$12.75 for Federal Bureau of Investigation (FBI) fingerprint background checks; the remaining \$47 is retained by the Handgun Permit Division of DOS to specifically fund the administrative expenses of the Division.
- The average renewal fee for a handgun carry permit is \$50. One hundred percent of renewal fee revenue is retained by the Handgun Permit Division of DOS to fund the administrative expenses of the Division.
- Changing the minimum age military personnel and veterans may obtain a handgun carry permit from 21 to 18 will generate an unknown amount of additional permit holders. It is reasonably assumed that the additional amount of permit holders will exceed one-half of one percent or 270 ( $54,019 \times 0.005$ ) each year.
- The January 1, 2017 effective date will produce a FY16-17 impact that is one half of the impact of all other years.
- Pursuant to Tenn. Code Ann. § 39-17-1351(p), any person, who has been honorably discharged from any branch of the United States armed forces or who is on active duty in any branch of the armed forces or who is currently serving in the national guard or armed forces reserve, and who makes initial application for a handgun carry permit shall be required to pay only that portion of the initial application fee that is necessary to conduct the required criminal history record checks, resulting in qualified military applicants paying \$68 for an initial renewable handgun carry permit.

- Pursuant to the current allocation of revenue derived from the initial handgun carry permit application fee, the provisions of the bill as amended will result in no additional state revenue to the Handgun Permit Division.
- Pursuant to the current allocation of revenue derived from the initial handgun carry permit application fee, there will be a recurring increase in state revenue to TBI as a result of the Bureau receiving the \$38 for which they ultimately pay fingerprint vendors estimated to exceed \$10,260 (270 x \$38); and there will be an additional recurring increase in revenue to TBI as a result of the Bureau receiving the \$15 for which they use to update and maintain databases estimated to exceed \$4,050 (270 x \$15); thus, the total recurring increase in state revenue to TBI is estimated to exceed \$14,310 (\$10,260 + \$4,050) beginning in FY17-18. Due to the January effective date, the FY16-17 increase in state revenue to TBI is estimated to exceed \$7,155 (\$14,310 x 0.5)
- Pursuant to the current allocation of revenue derived from the initial handgun carry permit application fee, the recurring increase in local revenue (to sheriff departments) is estimated to exceed \$4,050 (270 x \$15) beginning in FY17-18. Due to the January effective date, the FY16-17 estimated increase in local revenue exceeds \$2,025 (\$4,050 x 0.5).
- The qualified military personnel will still be required to pay the standard \$50 renewal fee.
- The additional minimum of one-half of one percent increase will realize a gain in recurring renewals beginning in FY20-21.
- The additional amount of permit holder renewals will exceed 270 each year beginning in FY20-21.
- The recurring increase in permit renewal fee revenue to the Handgun Permit Division beginning in FY21-22 is estimated to exceed \$13,500 (270 x \$50 renewal fee). Due to the January effective date, the increase in FY20-21 permit renewal fee revenue to the Handgun Permit Division is estimated to exceed \$6,750 (\$13,500 x 0.5).
- There will be an increase in state expenditures as a result of producing additional permit cards. According to DOS, the printing cost to produce one handgun carry permit is \$2.23. The increase in state expenditures each year from FY17-18 through FY19-20 for the Handgun Permit Division relative to card production is estimated to exceed \$602 (270 x \$2.23). Due to the January 1, 2017 effective date, the increase in state expenditures in FY16-17 is estimated to exceed \$301 (\$602 x 0.5). The increase in state expenditures in FY20-21 is estimated to exceed \$903 (\$602 + \$301). The recurring increase in state expenditures beginning in FY21-22 for the Handgun Permit Division relative to card production will exceed \$1,204 [(270 + 270) x \$2.23].
- There will be a \$21.09 (\$8.34 + \$12.75) increase in TBI expenditures for each application related to FBI and fingerprint vendor expenses. The estimated recurring increase in TBI expenditures beginning in FY17-18 exceeds \$5,694 (\$21.09 x 270). Due to the January effective date, the estimated increase in TBI expenditures in FY16-17 exceeds \$2,847 (\$5,694 x 0.5).

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

Handwritten signature of Krista M. Lee, RNC in blue ink.

Krista M. Lee, Executive Director

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