

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 684 - SB 784

March 9, 2015

SUMMARY OF BILL: Enacts “The Open Carry Firearms Freedom Act of 2014” that makes multiple changes to state law regarding handgun carry permits and the carrying and possessing of firearms. Authorizes individuals, who are legally able to possess a handgun, to carry a firearm without the need for a handgun carry permit. Creates affirmative defense for someone on school property with a firearm when such person is removing a firearm from a vehicle for the purpose of moving the firearm from one portion of a vehicle to another. Prohibits the Department of Safety (DOS) from changing any language on any form or handgun carry permit, as such exists prior to the effective date of this bill, due to any provision of this act. Requires DOS to utilize existing forms and permits until current supply is exhausted.

ESTIMATED FISCAL IMPACT:

**Decrease State Revenue – Exceeds \$58,700/Handgun Permit Division
Exceeds \$28,800/Tennessee Bureau of Investigation**

**Decrease State Expenditures –
Exceeds \$2,700/Handgun Permit Division
Exceeds \$11,500/Tennessee Bureau of Investigation**

Decrease Local Revenue – Exceeds \$8,100

Assumptions:

- According to DOS, the five-year average for new handgun carry permit applications is 54,296 per year; the five-year average for permit renewals is 66,370 per year.
- The fee for a new handgun carry permit is \$115 and is valid for five years.
- From every new 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 cost of fingerprint vendors, TBI background checks, and 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 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.

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- Handgun carry permits afford holders reciprocity, allowing them to legally carry a firearm in various other states.
- Most individuals who choose to carry a firearm, choose to and will continue to carry a firearm concealed from sight, for which a handgun carry permit will continue to be required.
- Allowing persons to openly carry (non-concealed) a firearm without a permit will, however, provide some cost savings for a very small cohort of firearm owners. Due to the retained value in holding a handgun carry permit, any reductions in handgun carry permit applications and renewals as a result of this proposed change is considered small, but not zero.
- The small cohort of individuals that would forgo applying for or renewing a handgun carry permit under the provisions of this bill would do so because: (1) they have no intention of carrying out-of-state, (2) they always intend to openly carry (non-concealed) while in Tennessee, (3) the number of instances they feel compelled to carry a firearm on their person will be relatively limited, and (4) they can save the money that would otherwise be spent on a handgun carry permit or permit renewal.
- For each one percent reduction in initial handgun carry permit applications, equivalent to 543 applications (54,296 x 1.0%), the recurring decrease in revenue would be approximately \$62,445 (543 x \$115). Pursuant to the current allocation of revenue derived from initial handgun carry permit application fee, the recurring decrease in state revenue to the Handgun Permit Division would be approximately \$25,521 (543 x \$47); the recurring decrease in state revenue to TBI would be approximately \$28,779 [543 x (\$15 + \$38)]; and the recurring decrease in local revenue would be approximately \$8,145 (543 x \$15).
- For each one percent reduction in handgun carry permit renewals, equivalent to 664 renewals (66,370 x 1.0%), the recurring decrease in state revenue to the Handgun Permit Division would be approximately \$33,200 (664 x \$50).
- The total recurring decrease in state revenue to the Handgun Permit Division, with each one percent decline in initial handgun carry permits and permit renewals, is estimated to be \$58,721 (\$25,521 + \$33,200). In addition, there would be a recurring decrease in state expenditures as a result of producing fewer permit cards. According to DOS, the printing cost to produce one handgun carry permit is \$2.23. The recurring decrease in state expenditures for the Handgun Permit Division would be \$2,692 [(543 + 664) x \$2.23].
- TBI reports a cost for vendor fingerprinting expense of \$8.34 per background check. The recurring decrease in TBI vendor fingerprint expenditures is estimated to be \$4,529 (543 annual permit applications x \$8.34).
- TBI reports a cost of \$12.75 payable to the FBI for each FBI national background check conducted on each initial application. The recurring decrease in TBI expenditures made to the FBI is estimated to be \$6,923 (543 annual permit applications x \$12.75).
- The total recurring decrease in expenditures for TBI is estimated to be \$11,452 (\$6,923 + \$4,529)
- Due to the low percentage of reduction in application and renewal processing, the DOS is not expected to experience any significant administrative savings.
- The first fiscal year for which any fiscal impact will occur is FY15-16.

- The reduction in admissions for carrying a firearm on school property is estimated to be not significant.
- There could be some secondary economic impacts prompted by the passage of this bill if individuals change their behavior regarding the purchase of firearms and firearm accessories. To the extent sales of firearms and firearm accessories increase, there would be an unknown increase in state and local sales tax revenue. Due to multiple unknown factors, such as the timing of any behavioral change, and the extent of any subsequent change in demand, fiscal impacts directly attributable to secondary economic impacts cannot be quantified with reasonable certainty.

CERTIFICATION:

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



Jeffrey L. Spalding, Executive Director

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