

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

SB 1483 – HB 1748

February 25, 2016

SUMMARY OF BILL: Authorizes anyone 21 years of age or older, who is not otherwise prohibited by law from purchasing, receiving, or possessing a firearm, to carry any legally possessed handgun openly or concealed, loaded or unloaded, without a handgun carry permit under the same circumstances and in the same locations as a handgun permit holder. States that carrying a handgun shall not constitute reasonable suspicion or probable cause.

ESTIMATED FISCAL IMPACT:

On February 21, 2016, a fiscal note was issued for this bill indicating the following estimated impact:

Decrease State Revenue – Exceeds \$1,909,000/Handgun Permit Division

Decrease State Expenditures – Exceeds \$1,909,000/Handgun Permit Division

Based on further research of the legislation concerning the potential impacts to state and local revenue and expenditures, and more specifically the allocation of fee revenue derived from initial handgun carry permit applications and permit renewals, the fiscal impact of the bill has been corrected and estimated as follows:

(CORRECTED)

Decrease State Revenue –

Exceeds \$1,178,800/Handgun Permit Division

Exceeds \$569,100/Tennessee Bureau of Investigation

Decrease State Expenditures –

Exceeds \$1,178,800/Handgun Permit Division

Exceeds \$569,100/Tennessee Bureau of Investigation

Decrease Local Revenue – Exceeds \$161,100

Decrease Local Expenditures – Exceeds \$161,100

SB 1483 – HB 1748 (CORRECTED)

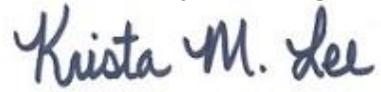
Corrected Assumptions:

- Based on information provided by the Department of Safety (DOS), the five-year average for new handgun carry permit applications is 53,685 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 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 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.
- A Tennessee handgun carry permit will be required if a resident of Tennessee wishes to carry a handgun in other states that offer reciprocity with Tennessee handgun carry permits.
- Based on information provided by DOS, a minimum of 20 percent of current and future handgun permit holders will choose not to purchase initial or renew existing handgun carry permits due to the provisions of the bill.
- Of the reported 53,685 new applications each year, a minimum of 10,737 ($53,685 \times 0.2$) will choose not to purchase new handgun carry permits each year. The total recurring decrease in revenue is estimated to exceed \$1,234,755 ($10,737 \times \115).
- Pursuant to the current allocation of revenue derived from the initial handgun carry permit application fee, the recurring decrease in state revenue to the Handgun Permit Division is estimated to exceed \$504,639 ($10,737 \times \47).
- Pursuant to the current allocation of revenue derived from the initial handgun carry permit application fee, there will be a recurring decrease in state revenue to TBI as a result of the Bureau no longer receiving the \$38 for which they ultimately pay fingerprint vendors estimated to exceed \$408,006 ($10,737 \times \38); and there will be an additional recurring decrease in revenue to TBI as a result of the Bureau no longer receiving the \$15 for which they use to update and maintain databases estimated to exceed \$161,055 ($10,737 \times \15); thus, the total recurring decrease in state revenue to TBI is estimated to exceed \$569,061 ($\$408,006 + \$161,055$).
- Pursuant to the current allocation of revenue derived from the initial handgun carry permit application fee, the recurring decrease in local revenue (to sheriff departments) is estimated to exceed \$161,055 ($10,737 \times \15).
- Of the reported 67,422 carry permit renewals each year, a minimum of 13,484 ($67,422 \times 0.2$) current permit holders will choose not to renew their existing handgun carry permit each year.
- The recurring decrease in permit renewal fee revenue to the Handgun Permit Division is estimated to exceed \$674,200 ($13,484 \times \50 renewal fee).

- The total recurring decrease in revenue to the Handgun Permit Division as a result of this bill is estimated to exceed \$1,178,839 ($\$504,639 + \$674,200$).
- There will 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 relative to card production will exceed \$54,013 $[(10,737 + 13,484) \times \$2.23]$.
- TBI will still be required to update and maintain their databases; however, it is unknown whether the Bureau could reduce expenditures associated with upgrading and maintaining the databases despite the recurring decrease in revenue estimated to exceed \$161,055, which is dedicated exclusively for this purpose. But given the recurring decrease in revenue, it is reasonable to presume that the Bureau could either (1) make expenditure cuts directly related to the databases, or (2) make expenditure cuts elsewhere within the Bureau, to accommodate for the recurring loss of revenue. Therefore, it is estimated that the TBI will reduce recurring expenditures by an amount estimated to exceed \$161,055.
- In addition, the TBI will experience a recurring decrease in expenditures estimated to exceed \$408,006 ($10,737 \times \38) because the Bureau will no longer be required to pay vendors for fingerprint analysis for anyone that would, in the absence of this bill, elect to obtain an initial handgun carry permit.
- The total recurring decrease in state expenditures to TBI as a result of this bill is estimated to exceed \$569,061 ($\$408,006 + \$161,055$).
- Given the \$47 allotment of the initial handgun carry permit fee, and the \$50 renewal fee, are sources of recurring revenue dedicated exclusively to the operations of the Handgun Permit Division, it is reasonable to presume that the Division would have to reduce recurring expenditures by a like amount to accommodate the loss of such recurring revenue; which could consist of the elimination of positions, supplies, materials, and other current recurring expenditures to the Division. As a result, the recurring decrease in state expenditures for the Handgun Permit Division, specifically relative to positions, supplies, materials, other current recurring expenditures to the Division, and after taking into account the savings from no longer printing or issuing permit cards, is estimated to exceed \$1,124,826 ($\$1,178,839$ revenue decrease - $\$54,013$ card savings).
- The total recurring decrease in state expenditures to the Handgun Permit Division as a result of this bill is estimated to exceed \$1,178,839 ($\$54,013 + \$1,124,826$).
- The recurring decrease in local expenditures, as the result of sheriff departments no longer being required to do local background checks on individuals that, in the absence of this bill, would obtain an initial handgun carry permit, is estimated to exceed \$161,055 ($10,737 \times \15)

CERTIFICATION:

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

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive style with a large initial 'K'.

Krista M. Lee, Executive Director

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