

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1985 - HB 2027

February 15, 2020

**SUMMARY OF BILL:** Extends the validity of enhanced handgun carry permits (EHCP) issued or renewed on or after January 1, 2021 to the lifetime of the permit holder. Repeals current Lifetime EHCP.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue –**

**\$1,785,600/FY20-21/Handgun Permit Division**  
**\$3,571,200/Each Year FY21-22 through FY27-28/Handgun Permit Division**  
**\$5,875,500/FY28-29/Handgun Permit Division**  
**\$8,179,800/FY29-30 and Subsequent Years/Handgun Permit Division**

**Increase State Expenditures –**

**\$200,000/FY20-21/Handgun Permit Division**

**Decrease State Expenditures –**

**\$78,000/FY28-29/Handgun Permit Division**  
**\$155,900/FY29-30 and Subsequent Years/Handgun Permit Division**

**Decrease Local Revenue –**

**\$27,700/FY28-29**  
**\$55,300/FY29-30 and Subsequent Years**

**Decrease Local Expenditures –**

**\$13,800/FY28-29**  
**\$27,500/FY29-30 and Subsequent Years**

Assumptions:

*Renewed Enhanced Handgun Carry Permits*

- Based on the figures of the previous five fiscal years, the Department of Safety (DOS) issues an average of 53,805 new EHCP each year and 92,172 EHCP renewals each year.
- The cost of a new EHCP is \$100. The cost of a renewed EHCP is \$50.
- A current EHCP is valid for eight years. Therefore, under this legislation, the last EHCP will expire on December 31, 2028 and DOS will not see a fiscal impact related to renewals until January 1, 2029.
- Because of the January 1 impact date, a half year impact will occur in FY28-29; therefore, the first full year impact will be in FY29-30.

- The total decrease in revenue to the Handgun Permit Division (HPD) in renewals will be \$2,304,300 [(92,172 x \$50) x 50%] in FY28-29.
- The total decrease in revenue to the HPD in renewals will be \$4,608,600 (92,172 x \$50) in FY29-30 and subsequent years.

#### *Lifetime Enhanced Handgun Permits*

- This legislation deletes the current Lifetime EHCP.
- Based on the figures of the previous five fiscal years, DOS issues an average of 17,856 new Lifetime EHCP each year.
- The current cost of a Lifetime EHCP is \$300.
- It can reasonably assumed that those expected annual 17,856 people would instead apply for and be issued a regular EHCP, under this legislation.
- Thus, there will be a recurring decrease in state revenue to the HPD of \$3,571,200 [(\$300 - \$100) x 17,856] in FY21-22 and subsequent years.
- There will be a half-year impact due to the January 1, 2021 date, resulting in a decrease in state revenue to the HPD of \$1,785,600 (\$3,571,200 x 50%) in FY20-21.

#### *Local Government Contracting Agencies*

- Pursuant to Tenn. Code Ann. § 39-17-1351(q)(1), DOS is authorized to contract with a local government agency for the provision of any service related to the renewal of handgun carry permits, subject to applicable contracting statutes and regulations. A contracting agency is authorized to charge an additional fee of \$4.00 for each renewal application, which shall be retained by the agency for administrative costs.
- This law went into effect on July 1, 2019. There are currently 45 contracting local government agencies.
- There are no current figures of how many EHCP renewals they have processed. However, pursuant to Tenn. Code Ann. § 55-50-331(a), DOS is authorized to contract for the provision of any service related to the issuance, examination and renewal of driver licenses subject to applicable contracting statutes and regulations. Currently, these contracting entities consist of forty-five county clerk offices, three cities or towns, and one AAA Auto Club. In FY17-18, DOS contracted entities processed 16.52 percent of the eligible transactions of driver license duplicates and renewals.
- It can be reasonably assumed that these 45 contracting local government agencies will process at least 15 percent, or 13,826, of all EHCP renewals.
- It is further assumed that all contracting agencies charge the additional \$4.00 fee as authorized.
- As they are only authorized to issue renewals, this will not fiscally impact local governments until January 1, 2029.
- The mandatory decrease in revenue to local governments will be \$27,652 [(13,826 x \$4.00) x 50%] in FY28-29 and \$55,304 (13,826 x \$4.00) in FY29-30 and subsequent years.

#### *Expenditures*

- Based on information provided by DOS and confirmed by third-party contract vendors responsible for the handgun carry permit systems, the one-time increase in state

expenditures for a systems modification to reflect the changes to the EHCP is estimated to be \$200,000 in FY20-21.

- In addition, there will be a recurring decrease in expenditures as a result of producing fewer EHCP cards. The printing cost to produce one handgun carry permit is \$1.99.
- The decrease in local government printing expenditures is estimated to be \$13,757 [(13,826 x \$1.99) x 50%] in FY28-19 and \$27,514 (13,826 x \$1.99) in FY29-30 and subsequent years.
- The decrease in state printing expenditures to the HPD is estimated to be \$77,954 {(92,172 -13,826) x \$1.99} x 50% } in FY28-29 and \$155,909 [(92,172 -13,826) x \$1.99] in FY29-30 and subsequent years.
- This legislation requires DOS to perform a name-based criminal history record check every five years after the issuance of the EHCP. This check is executed by DOS at no cost.

*Total Impact*

- The total decrease in state revenue to the HPD in FY20-21 is \$1,785,600.
- The total decrease in state revenue to the HPD in FY21-22 to FY27-28 is \$3,571,200.
- The total decrease in state revenue to the HPD in FY28-29 is \$5,875,500 (\$3,571,200 + \$2,304,300).
- The total decrease in state revenue to the HPD in FY29-30 and subsequent years is \$8,179,800 (\$3,571,200 + 4,608,600).
- The total increase in state expenditures to the HPD in FY20-21 is \$200,000.
- The total decrease in state expenditures to the HPD in FY28-29 is \$77,954.
- The total decrease in state expenditures to the HPD in FY29-30 and subsequent years is \$155,909.
- The total mandatory decrease in revenue to local governments in FY28-29 is \$27,652.
- The total mandatory decrease in revenue to local governments in FY29-30 and subsequent years is \$55,304.
- The total mandatory decrease in expenditures to local governments in FY28-29 is \$13,757.
- The total mandatory decrease in expenditures to local governments in FY29-30 is \$27,514.

**CERTIFICATION:**

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



Krista Lee Carsner, Executive Director

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