

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2907 STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JUNE 30, 2022

SUMMARY

- Synopsis:** Requires firearm retailers to sell microstamping-enabled firearms upon determination of availability by AG.
- Type of Impact:** Annual State expenditure and revenue increases. Annual local revenue and expenditure increases.
- Agencies Affected:** Department of Law and Public Safety; The Judiciary; Department of Corrections; Office of the Public Defender; State Parole Board; local law enforcement agencies.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Expenditure Increase		Indeterminate	
State Revenue Increase		Indeterminate	
Local Revenue Increase		Indeterminate	
Local Expenditure Increase		Indeterminate	

- The Office of Legislative Services (OLS) determines the bill will result in an indeterminate annual increase in State expenditures and revenues; however, due to the current state of microstamping technology, the OLS lacks sufficient information to quantify the fiscal impact or the timing of when the technology will be available. Additionally, the OLS lacks sufficient information in regard to the potential violations of the provisions of the bill to quantify the fiscal impact, as it is not possible to know how many individuals will be prosecuted, tried, and sentenced for the penalties and crimes established by the bill. Pursuant to the bill, once the program is established, a State instant rebate program will be funded to encourage purchasers to buy microstamping-enabled firearms.
- The Department of Law and Public Safety (DLPS) will incur indeterminate annual cost increases to: 1) evaluate the viability of microstamping; 2) establish certain guidelines related to microstamping; 3) employ a microstamping examiner; and 4) regulate and enforce provisions related to licensed retail dealers.

- The bill creates a Microstamp Fund for State and local law enforcement agencies to utilize for the purchase of microstamping-enabled firearms.
- The bill establishes an instant rebate for purchases of microstamping-enabled firearms from licensed dealers for up to a maximum of \$30. The licensed retail dealer would be reimbursed by the State for each rebate provided under the program.
- The bill establishes certain fines and penalties for violations, including a penalty of the third degree, which is punishable by three to five years imprisonment, a fine of up to \$15,000, or both.

BILL DESCRIPTION

This bill requires licensed retail dealers of firearms to sell microstamping-enabled firearms when the Attorney General determines these firearms are commercially available.

Under the bill, the Attorney General is required to:

- establish performance standards and qualifying criteria for determining whether a firearm constitutes a microstamping-enabled firearm;
- establish a process by which to determine whether a firearm constitutes a microstamping-enabled firearm;
- complete an investigation as to whether microstamping enabled firearms technology currently is viable; and
- designate a microstamping examiner to examine firearms submitted by applicants to determine whether a firearm meets certain standards and criteria established by the Attorney General, or if microstamping technology is not yet viable, the examiner would be required to examine submitted firearms and make certain recommendations to the Attorney General. Additionally, the examiner would be required to create, update, and regularly distribute a microstamping enabled firearm roster to be published on a website maintained by the Division of State Police and updated as necessary.

The bill imposes on firearm retail dealers in the State certain requirements related to microstamping once it is determined that microstamping-enabled firearms are commercially available.

The bill establishes certain offenses and penalties as follows:

- A licensed retail dealer who violates the bill's provisions would be subject to the following penalties: (1) for a first offense, a fine of up to \$500; (2) for a second offense, a fine of up to \$1,000; (3) for a third or subsequent offense, a six-month license suspension following notice to the licensed retail dealer and opportunity to be heard; and
- A person who damages or removes the microstamping-enabled component would be guilty of a third degree crime, which is punishable by three to five years imprisonment, a fine of up to \$15,000, or both.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

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State Expenditures - The DLPS will incur indeterminate annual cost increases to: 1) evaluate the viability of microstamping; 2) establish certain guidelines related to microstamping; 3) employ a microstamping examiner; 4) regulate and enforce provisions related to licensed retail dealers; 5) establish a Microstamping Fund and grant program for law enforcement agencies to purchase microstamping firearms; and 6) establish an instant rebate program for purchasers.

The OLS is uncertain of the timing of the implementation of these programs. Testimony at a Senate Law and Public Safety hearing indicated that the Attorney General recently provided a microstamping-enabled firearm presentation to showcase the existence of the new technology; however, the OLS is uncertain of the commercial availability of the technology. The bill does not provide an appropriation to fund the Microstamping Fund, the law enforcement grant program, or the instant rebate program. According to the Governor's FY 2023 recommended budget there were 24,049 firearms applications received in FY 2021. This number does include both permits to purchase a handgun and firearms purchaser identification cards for both long guns and handgun ammunition. Once the microstamping technology is made available and the maximum rebate of \$30 is met, and assuming each purchaser requests the microstamping technology, the maximum annual State cost to fulfill the rebate may be \$721,470.

Although the OLS cannot determine when the provisions of the bill imposing penalties would be in effect, the following State agencies may incur caseload and expenditure increases. The DLPS would have to prosecute additional cases, the Judiciary would have to adjudicate additional complaints and monitor additional probationers, the Office of the Public Defender would have to represent additional low-income criminal defendants, the Department of Corrections would have to house and care for more individuals who are sentenced to prison terms, and the State Parole Board would have to supervise the return to society of additional formerly incarcerated persons. The OLS notes that a crime of the third degree carries a presumption of non-incarceration for first time offenders.

State Revenue -The OLS notes the State may receive indeterminate revenue from fines, fees, and civil penalties imposed on individuals violating the provisions of this bill; however, the State's ability to collect monetary penalties has historically been limited.

Local Revenues and Expenditures - The OLS notes that the State law enforcement grant program would provide support to local law enforcement agencies wishing to purchase certain microstamping-enabled firearms.

Background - California requires microstamping of guns under legislation passed in 2007. It was fully implemented in 2013, following certification from the California Department of Justice. It appears, however, that the firearm industry has not manufactured the types of firearms that are subject to the law. Under subsequent legislation that will take effect in California in July 2022, more newly manufactured guns will be required to have microstamps. Also, New York State

recently enacted microstamping legislation as part of a package of bills signed into law in June 2022.

Section: Law and Public Safety

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).