

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 705 - HB 1264

February 20, 2019

SUMMARY OF BILL: Reclassifies the current handgun carry permit as an “enhanced handgun carry permit” (EHCP). Specifies that the qualifications and authorizations for an EHCP are the same as those for the current handgun carry permit.

Creates a concealed handgun carry permit (CHCP). Authorizes a CHCP holder to carry in a concealed manner. Authorizes that a CHCP may be issued as a letter to the applicant, without the applicant’s photograph, and is valid for five years. Requires the applicant to undergo a name-based criminal record check. Prohibits an application fee for a CHCP. Specifies that a local government will not be required to provide metal detectors and security inspections in order to prohibit CHCP holders from possessing firearms on public property.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue –

Exceeds \$667,100/Recurring/Handgun Permit Division

Exceeds \$245,000/Recurring/Tennessee Bureau of Investigation

Increase State Expenditures –

Exceeds \$220,000/One-Time/Handgun Permit Division

Decrease State Expenditures –

Exceeds \$28,900/Recurring/Handgun Permit Division

Exceeds \$112,300/Recurring/Tennessee Bureau of Investigation

Decrease Local Revenue – Exceeds \$79,600/Recurring

Assumptions:

- For the purposes of this fiscal note, it is assumed all permits issued will be standard, non-military or law enforcement permits.
- Handgun carry permits afford holders reciprocity; allowing them to legally carry a firearm in various other states.
- The cohort of individuals that would forego applying for or renewing an EHCP and instead apply for or renew a CHCP under the provisions of this legislation, would do so because: (1) they have no intention of carrying out-of-state, (2) they always intended to conceal carry 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 money applying for a CHCP with no application fee that would otherwise be spent on a new or renewed EHCP. Therefore, it can be reasonably estimated there will be a reduction of at least 10 percent in new and renewal EHCP applications as a result of this legislation. It is further estimated that the average annual lifetime EHCP applications will remain relatively unchanged.

- Based on the figures of the previous five fiscal years, the Department of Safety (DOS) issues an average of 53,805 new handgun carry permits each year and 92,172 renewals each year.
- The minimum of a 10 percent reduction is equivalent to 5,309 new applications (53,085 annual issuances x 10% reduction) and 9,217 renewal applications (92,172 annual issuances x 10% reduction).
- The cost of a new handgun carry permit is \$100. The cost of a renewed handgun carry permit is \$50.
- 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; \$31.15 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 \$38.85 is retained by the Handgun Permit Division (HPD) of DOS to specifically fund the administrative expenses of the HPD.
- Pursuant to the current allocation of revenue derived from new handgun carry permit application fees, the recurring decrease in state revenue to the HPD is estimated to exceed \$667,105 [(5,309 x \$38.85) + (9,217 x \$50)]; the recurring decrease in state revenue to the TBI is estimated to exceed \$245,010 [5,309 x (\$15 + \$31.15)]; and the mandatory recurring decrease in local revenue is estimated to exceed \$79,635 (5,309 x \$15).
- A name-based criminal history record check is executed by DOS at no cost.
- Pursuant to Tenn. Code Ann. § 39-17-1359, an entity of local government is authorized to prohibit the possession of a handgun by a handgun carry permit holder only if they provide metal detection devices and a security officer.
- As the legislation specifies that a local government will not be required to provide metal detectors and security inspections in order to prohibit CHCP holders from possessing firearms on public property, locals governments that elect to prohibit firearms on public property will still be required to provide metal detectors and security inspections with respect to EHCP holders. Therefore, no significant change in local 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 EHCP and CHCP is estimated to exceed \$220,000.
- In addition, there will be a recurring decrease in state expenditures as a result of producing fewer permit cards. The printing cost to produce one handgun carry permit is \$1.99. The recurring decrease in state expenditures for the HPD will exceed \$28,907 [(5,309 + 9,217) x \$1.99].

- The TBI reports a cost for vendor fingerprinting expense of \$8.65 per background check. The recurring decrease in TBI vendor fingerprint expenditures is estimated to exceed \$45,923 (5,309 x \$8.65).
- The TBI reports a cost of \$12.50 payable to the FBI for each FBI national background check conducted on each initial permit application. The recurring decrease in TBI expenditures made to the FBI is estimated to exceed \$66,363 (5,309 x \$12.50).
- The total recurring decrease in state expenditures for TBI is estimated to exceed \$112,286 (\$45,923 + \$66,363).

CERTIFICATION:

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

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jmg