

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2661 - SB 2888

March 7, 2020

SUMMARY OF BILL: Repeals the concealed handgun carry permit (CHCP). Authorizes a person to carry a concealed handgun without a permit. Authorizes a person to carry a concealed handgun in parks, higher education campuses, and areas posted by local governments in the same manner permitted by handgun carry permit holders.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue -

\$2,357,100/FY20-21 and Subsequent Years/Handgun Permit Division
\$496,600/FY20-21 and Subsequent Years/TBI

Decrease State Expenditures –

\$83,700/FY20-21 and Subsequent Years/Handgun Permit Division
\$349,500/FY20-21 and Subsequent Years/TBI

Decrease Local Revenue –

\$172,500/FY20-21 and Subsequent Years

Decrease Local Expenditures –

\$5,500/FY20-21 and Subsequent Years

Assumptions:

Concealed Handgun Carry Permits

- The CHCP first began being issued on January 1, 2020. A total of 5,217 permits were issued in the month of January.
- It can be reasonably assumed that this figure is exponentially greater than the imminent months' averages will be.
- Estimating that this will level out to an average of one-quarter of January's figures, each month, 15,651 [(5,217 x 25%) x 12 months] new CHCPs will be issued annually.
- The application fee for a CHCP is \$65 paid to the Department of Safety (DOS) Handgun Permit Division (HPD).
- The recurring decrease in state revenue to the HPD is \$1,017,315 (15,651 x \$65) in FY20-21 and subsequent years.
- The TBI reports a cost for vendor fingerprinting expense of \$8.65 per background check. The recurring decrease in TBI vendor fingerprinting expenditures for CHCP applications is \$135,381 (15,651 x \$8.65) in FY20-21 and subsequent years.

- It costs the HPD \$1.99 to print a permit. The recurring decrease in state expenditures as a result of not printing CHCP cards is \$31,145 (15,651 x \$1.99) in FY20-21 and subsequent years.

Enhanced Handgun Carry Permits

- It can be reasonably assumed that passage of this legislation will result in a decrease of at least 20 percent of new and renewed enhanced handgun carry permit (EHCP) applications.
- 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.
- The total decrease in state revenue to the HPD in renewals will be \$921,720 [(92,172 x \$50) x 20%] in FY20-21 and subsequent years.
- Pursuant to Tenn. Code Ann. § 39-17-1351(p), from every \$100 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 HPD of DOS to specifically fund the administrative expenses of the HPD.
- There will be a decrease in local government revenue of \$161,415 [(53,805 x \$15) x 20%] in FY20-21 and subsequent years.
- There will be a decrease in state revenue to the TBI of \$496,620 {[53,805 x (\$15 + \$31.15)] x 20%} in FY20-21 and subsequent years.
- There will be a decrease in state revenue to the HPD of \$418,065 [(53,805 x \$38.85) x 20%] in FY20-21 and subsequent years.
- 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 \$93,083 [(53,805 x 20%) x \$8.65].
- The TBI reports a cost of \$11.25 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 \$121,061 [(53,805 x 20%) x \$11.25].
- The total increase in state expenditures for TBI is estimated to exceed \$214,144 [(\$93,083 + \$121,061) in FY20-21 and subsequent years.
- The recurring decrease in state expenditures to the HPD as a result of not printing cards is \$58,099 {(53,805 + 92,172) x 20%} x \$1.99} in FY20-21 and subsequent years.

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.
- The mandatory decrease in revenue to local governments will be \$11,061 [(13,826 x \$4.00) x 20%] in FY20-21 and subsequent years.
- The recurring decrease in local government expenditures as a result of not printing cards is \$5,503 [(13,826 x 20%) x \$1.99] in FY20-21 and subsequent years.

Total Revenue and Expenditures

- The total recurring decrease in state revenue to the HPD in FY20-21 and subsequent years is \$2,357,100 (\$1,017,315 + \$921,720 + \$418,065).
- The total recurring decrease in state revenue to the TBI in FY20-21 and subsequent years is \$496,620.
- The total recurring decrease in state expenditures to the HPD in FY20-21 and subsequent years is \$83,741 [\$31,145 + (\$58,099 - \$5,503)].
- The total recurring decrease in state expenditures to the TBI in FY20-21 and subsequent years is \$349,525 (\$135,381 + \$214,144).
- The total mandatory recurring decrease in local government revenue in FY20-21 and subsequent years is \$172,476 (\$161,415 + \$11,061).
- The total mandatory recurring decrease in local government expenditures in FY20-21 and subsequent years is \$5,503.

Other Assumptions

- Pursuant to Tenn. Code Ann. § 39-17-1311(b), a person is authorized to possess a handgun, who are authorized to carry the handgun by permit, while within or on a public park, natural area, historic park, nature trail, campground, forest, greenway, waterway, or other similar public place that is owned or operated by the state, a county, a municipality, or instrumentality of the state, a county, or municipality.
- Expanding this to include those that are carrying in a concealed manner will not significantly impact state or local government expenditures.
- There is not expected to be a significant change in the number of Class E felony convictions for carrying a weapon on school property pursuant to Tenn. Code Ann. § 39-17-1309(b)(2); as a result no significant change in state incarceration costs.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

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