

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 18 - SB 318

February 19, 2021

SUMMARY OF BILL: Creates exceptions to the offense of open or concealed carrying of a firearm with the intent to go armed for any person legally in possession and not prohibited from purchasing a firearm.

ESTIMATED FISCAL IMPACT:

**Decrease State Revenue – \$2,676,500/FY21-22 and Subsequent Years/
Handgun Permit Division
\$594,600/FY21-22 and Subsequent Years/
Tennessee Bureau of Investigation**

**Decrease State Expenditures – \$72,300/FY21-22 and Subsequent Years/
Handgun Permit Division
\$313,700/FY21-22 and Subsequent Years/
Tennessee Bureau of Investigation**

Decrease Local Revenue – \$203,300/FY21-22 and Subsequent Years

Assumptions:

- Per the language of this legislation, a person legally in possession of a firearm and not prohibited from purchasing a firearm in the person's state of residence will have the same defenses and exceptions as a person who has been issued a handgun carry permit.
- For the purposes of this fiscal note, it is assumed all open or concealed carrying 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 Enhanced Handgun Carry Permit (EHCP) or a Concealed Handgun Carry Permit (CHCP) would do so because: (1) they have no intention of carrying out-of-state, (2) the number of instances they feel compelled to carry a firearm on their person will be relatively limited, and (3) they can save money by forgoing applying for or renewing a permit.
- There have been 10 states that have switched to constitutional carry within the past six years. According to the Federal Bureau of Investigation's National Instant Criminal Background Check System, of those states, there has been an average decline of 19.54 percent in criminal background check requests for those specific states following the

passage of constitutional carry. This percentage does not account for general population growth and steady increase in criminal background check requests in states that do not have constitutional carry.

- Therefore, it can be reasonably estimated there will be a reduction of approximately 20 percent in new and renewal EHCP and CHCP applications each year as a result of this legislation.
- As CHCPs have only begun being issued January 1, 2020, there is only one year's figures available as of yet. It is expected that without this legislation, 33,143 CHCPs will be issued annually. Based on the figures of the previous five fiscal years, the Department of Safety (DOS) will issue an average of 41,813 new EHCPs each year, 84,116 EHCPs renewals each year, and 22,602 lifetime handgun carry permits (LHCP) each year.
- A 20 percent reduction is equivalent to 8,363 new EHCP applications (41,813 annual issuances x 20% reduction), 16,823 renewal EHCP applications (84,116 annual issuances x 20% reduction), 4,520 new LHCP applications (22,602 annual issuances x 20% reduction), and 6,629 CHCP applications (33,143 annual issuances x 20%).
- The cost of a new EHCP is \$100. The cost of a renewed EHCP is \$50. From every new EHCP 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 EHCP application fees, the recurring decrease in state revenue to the HPD is estimated to be \$1,166,053 [(8,363 x \$38.85) + (16,823 x \$50)]; the recurring decrease in state revenue to the TBI is estimated to be \$385,952 [8,363 x (\$15 + \$31.15)]; and the mandatory recurring decrease in local revenue is estimated to be \$125,445 (8,363 x \$15) in FY21-22 and subsequent years.
- Pursuant to Tenn. Code Ann. § 39-17-1351(x)(2), a LHCP is \$300. Of that fee, \$15 is allocated to the applicable sheriff's department to cover the cost of a local background check; \$15 is allocated to the 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 FBI fingerprint background checks; the remaining \$238.85 is retained by the HPD.
- Pursuant to the current allocation of revenue derived from LHCP application fees, the recurring decrease in state revenue to the HPD is estimated to be \$1,079,602 (4,520 x \$238.85) the recurring decrease in state revenue to the TBI is estimated to be \$208,598 [4,520 x (\$15 + \$31.15)]; and the mandatory recurring decrease in local revenue is estimated to be \$67,800 (4,520 x \$15) in FY21-22 and subsequent years.
- For every CHCP fee paid, the entirety of the \$65 is retained by the HPD. The expected impact to the HPD is a \$430,885 (6,629 x \$65) decrease in revenue in FY21-22 and subsequent years.
- The total recurring decrease in state revenue to the HPD is estimated to be \$2,676,540 (\$1,166,053 + \$1,079,602 + \$430,885); the recurring decrease in state revenue to the TBI is estimated to be \$594,550 (\$385,952 + \$208,598); and the mandatory recurring

decrease in local revenue is estimated to be \$193,245 ($\$125,445 + \$67,800$) in FY21-22 and subsequent years.

- 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 permit is \$1.99. The recurring decrease in state expenditures for the HPD in printing the EHCP, CHCP, and LHCP will be \$72,307 $[(8,363 + 16,823 + 6,629 + 4,520) \times \$1.99]$ in FY21-22 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 be \$111,438 $[(8,363 + 4,520) \times \$8.65]$.
- 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 be \$144,934 $[(8,363 + 4,520) \times \$11.25]$.
- For every CHCP application, the TBI is required to perform a fingerprint background check. The decrease in state expenditures to the TBI as a result of not performing the expected 20 percent of CHCP background checks will be \$57,341 $(6,629 \times \$8.65)$ in FY21-22 and subsequent years.
- The total recurring decrease in state expenditures for TBI is estimated to be \$313,713 $(\$111,438 + \$144,934 + \$57,341)$ in FY21-22 and subsequent years.
- Pursuant to Tenn. Code Ann. § 39-17-1351(q)(1), DOS partners with 48 county clerks' offices in the state to issue EHCP renewals. The county clerks are authorized to charge an additional \$4.00 per renewal application, which is retained by the county. All 48 charge the full \$4.00.
- These entities process approximately 15 percent of EHCP renewals.
- This legislation will result in a recurring decrease in revenue of \$10,094 $[(16,823 \times 15\%) \times \$4.00]$.
- The total mandatory decrease in local government revenue is \$203,339 $(\$193,245 + \$10,094)$ in FY21-22 and subsequent years.
- There is not be enough of a reduction in workload to impact total personnel required for the function of the HPD.
- Pursuant to Tenn. Code Ann. § 39-17-1307(a), it is a Class C misdemeanor offense to carry, with the intent to go armed, a firearm or a club, punishable with possible imprisonment and/or by a fine not to exceed \$500.
- In the last three fiscal years, there has been an average of 133 Class C misdemeanor offense convictions under this section of code.
- Based on the Fiscal Review Committee's 2008 study and the Administrative Office of the Courts' 2012 study on collection of court costs, fees, and fines, collection in criminal cases is insignificant. The proposed legislation will not significantly increase local revenue.
- There will not be a sufficient reduction of prosecutions for state or local government to experience any significant decrease in revenue or expenditures.

CERTIFICATION:

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

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, slightly slanted style.

Bojan Savic, Interim Executive Director

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