

Commission on Local Government

Estimate of Local Fiscal Impact
2014 General Assembly Session

Bill: HB 8 **Patron:** Ware **Date:** January 17, 2014

In accordance with the provisions of §30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of the above-referenced legislation:

I. Bill Summary

HB 8 decreases the local law-enforcement background investigation fee from \$35 to \$10, which includes any amount assessed by the FBI for providing criminal history record information. The total amount assessed for processing an application for a permit is thereby decreased from \$50 to \$25.

II. Fiscal Impact Analysis

The Commission on Local Government (CLG) received fiscal impact statements from 22 localities – the Counties of Campbell, Fairfax, Henrico, Hanover, Prince Edward, Rappahannock, Richmond, Rockingham, and Wise; the Cities of Alexandria, Chesapeake, Danville, Lynchburg, Newport News, Norfolk, Poquoson, Roanoke, Virginia Beach, and Winchester; and the Towns of Marion, Rocky Mount, and Strasburg.

Eight of the responding localities – Campbell County; the Cities of Alexandria, Poquoson, and Winchester; and the Towns of Marion, Rocky Mount, and Strasburg - indicated that they would not experience a net reduction in revenues. Of those eight jurisdictions, six did not provide a local fiscal impact because they do not levy the fee. Those jurisdictions include the Cities of Norfolk, Poquoson, and Winchester; and the Towns of Marion, Rocky Mount, and Strasburg,

Two of the responding localities – the Counties of Rappahannock and Richmond – indicated that they would experience a revenue decrease of less than \$5,000. Rappahannock County stated that they only process approximately 20 applications per year and do not expect the losses of revenue to be significant.

The remaining eleven respondents – the Counties of Fairfax, Hanover, Henrico, Prince Edward, Rockingham, and Wise and the Cities of Chesapeake, Danville, Lynchburg, Newport News, and Virginia Beach – reported that they would experience a revenue decrease of over \$5,000. The estimates ranged from \$7,750 per year in Prince Edward County to \$152,000 per year in the City of Virginia Beach. Listed below are the revenue estimates:

Fairfax County:	\$129,226
Hanover County:	60,000
Henrico County:	86,200
Prince Edward County:	7,750
Rockingham County:	22,500
Wise County:	26,650
Chesapeake City:	92,550
Danville City:	13,300
Lynchburg City:	15,000
Newport News City:	10,000
Roanoke City:	24,300
Virginia Beach City:	152,000

Fairfax County submitted its estimate based upon revenue generated from concealed handgun permits in FY 2013.

Hanover County submitted an estimate based upon the fee reduction that is mandated by HB 8 and the projected number of handgun permits to be processed in FY 2014.

Henrico County based its estimate on 3,448 concealed handgun permits issued in FY 2013.

Prince Edward County based its estimate on 310 concealed handgun permits issued in FY 2013. They expressed concern that the maximum \$25 fee imposed under HB 8 does not cover the entire cost of processing an application.

Rockingham County estimated their revenue loss based upon average revenue from permit applications, which is \$45,000 annually.

Wise County generated its estimate based upon 1,066 permits that were issued in FY 2013. They also noted that revenues from concealed handgun permits are used to assist their local sheriff's department.

The City of Chesapeake's estimate is based upon 3,702 permits issued in FY 2013. The City also stated that they may be forced to cut services or levy other fees if HB 8 is enacted.

The City of Danville based their estimate upon 532 permits issued in the last year. They noted that the reduced fee does not cover the man hours that are necessary to process a permit application.

The City of Lynchburg's estimate is based upon average annual receipts from concealed handgun permits.

The City of Newport News also based its estimate from historical permit receipts. They also expressed concern that localities would be forced to process the applications for free because the fees are passed along to the FBI and the State Police.

The City of Roanoke derived their estimate from the 972 permits processed in the last fiscal year.

The estimate from the City of Virginia Beach is based upon permits that were granted in FY 2013. They also indicated that FY 2013 may have been an outlier and that average impact is likely closer to \$83,000.

III. Conclusion

HB 8 reduces that maximum fee a locality may charge for a concealed handgun permit from \$50 to \$25. The impact of the bill will mostly be felt by counties and cities that process more concealed handgun permits than others. Additionally, it is possible that the new fee no longer covers the entire cost to process the application. If it does not, counties and cities will need to raise revenues or cut services elsewhere.

HB 8 will not affect towns.