

Department of Planning and Budget

2014 Fiscal Impact Statement

1. Bill Number: SB608S1

House of Origin	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Carrico

3. Committee: Reported from the Committee on Finance

4. Title: Lifetime concealed handgun permits; Department of State Police to issue; penalty.

5. Summary: The proposed legislation provides for the issuance of concealed handgun permits that do not expire to Virginia residents upon payment of a one-time fee of \$100, except that the fee for a person currently holding an unexpired permit is \$50. Currently, the fee for issuing such permits is \$50, and the permits must be renewed every five years with an additional \$50 fee charged each time.

The bill also centralizes the issuance of concealed handgun permits with the Department of State Police, instead of current law which provides that the circuit court clerk for the jurisdiction where the applicant resides issues such permits.

The bill also requires the Department of State Police to charge a fee of \$25 for the issuance of a permit to certain retired law-enforcement personnel (currently no fee is charged), \$200 for the issuance of a nonresident permit (currently \$100), \$10 for the issuance of a replacement permit (currently \$10 due to an address change or \$5 for a lost or destroyed permit), and \$50 for conversion of a nonresident concealed handgun permit into a resident permit.

The substitute bill provides that when performing a search on the applicant's eligibility for a permit, the Department of State Police shall use all available information from the Department of State Police and the Federal Bureau of Investigation, including the National Instant Criminal Background Check System, to determine whether or not the applicant is prohibited from possessing or transporting a firearm under state or federal law.

Finally, the substitute bill provides that any person who displays a concealed handgun permit knowingly that such permit has been revoked or suspended is guilty of a Class 1 misdemeanor and is guilty of a Class 6 felony if he is simultaneously in possession of a concealed handgun while displaying a revoked or suspended permit. The bill has a delayed effective date of January 1, 2015.

6. Budget Amendment Necessary: Yes. Item 385.

7. Fiscal Impact Estimates: Tentative. See Item 7a and 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2015	50,000	0.0	General Fund
2016	0	0.0	General Fund
2017	0	0.0	General Fund
2018	0	0.0	General Fund
2019	0	0.0	General Fund
2020	0	0.0	General Fund

8. Fiscal Implications:

The proposed legislation would have a fiscal impact on the Department of State Police (Department) and would also affect the revenue collected under current law, due to the establishment of the new concealed handgun program and the issuance of concealed handgun permits.

Currently, the Department collects \$5 to cover its costs associated with processing the application for concealed handgun permits. The preliminary estimates provided below do not reflect the fees currently collected by the Department or clerks of the court for administering concealed handgun permits, but rather represent an additional cost and revenue associated with the implementing the provision of the proposed legislation. The estimates do not account for additional revenue that may be anticipated from the legislative proposal, as a result of issuing permits for out-of-state citizens, converting out-of-state permits into state permits, and replacing lost permits as existing data is insufficient.

Due to the bill having a delayed effective day, the first year estimates for the revenue and cost were revised to reflect the delay as set out below.

The revised first year start up cost to set up the program, hire personnel, purchase necessary equipment, issue permits, and pay for postal expenses is estimated at \$4,150,000 down from the original cost estimate of \$ 4,795,846.

According to the Department, the current estimated IT startup cost is \$3,242,000 based on the estimate provided by an outside vendor. However, the IT costs may decrease or increase depending on which vendor the Department selects for IT services after the bill is enacted.

The revised first year revenue collected from converting existing concealed handgun permits and issuing new permits is estimated at \$2,927,500 down from \$5,869,690.

Thus, the net effect of implementing the legislative proposal in the first year is estimated at (\$1,222,500), which is the difference between the collected fees and costs incurred in that year.

In the next four years, the net effect from the new program is estimated at \$3,770,000. The annual cost of administering the program is estimated at \$2,040,400, and the revenue generated from permit fees at \$ 5,810,000 annually.

After the five years of administering the program, annual revenue generated from the program is estimated at \$900,000 provided that the program's cost, the number of issued permits (approx.

28,000 each year), and permit fees remain unchanged. The anticipated fees collection is estimated at \$2,660,000; and the program cost is estimated at \$1,760,000 for the same time period.

Since under the current law a portion of the \$50 fee charged for issuing concealed handgun permit is collected by localities, the legislative proposal could have a negative impact on localities. It is estimated that the total annual fees collected by circuit court clerks and sheriffs for concealed handgun permits amount to \$4,463,000 from approximately 100,000 permits issued per year.

According to the Virginia Criminal Sentencing Commission's fiscal impact statement for the proposed legislation, the impact of the legislation on state-responsible (prison) space cannot be determined. In such cases, Chapter 806 of the 2013 Acts of Assembly requires that a minimum impact of \$50,000 be assigned to the bill.

9. Specific Agency or Political Subdivisions Affected: Department of State Police, local law-enforcement agencies, sheriffs, and court clerks.

10. Technical Amendment Necessary: No.

11. Other Comments: This legislation is similar to HB736.

Date: 2/6/2014-SB608S1.doc (LAJ)