

Fiscal Impact Review 2015 General Assembly Session

Bill number: HB 2029 (Proposed Substitute)

Review Requested By: Chairman Lingamfelter

JLARC Staff Fiscal Estimates

The proposed substitute for HB 2029 requires Virginia State Police (VSP) to initiate a search of the National Instant Criminal Background Check System (NICS) as part of the background investigation process for a concealed handgun permit application. The bill also increases the application fees for a concealed handgun permit. The proposed substitute would have a smaller fiscal impact than estimated for the introduced bill. This is because the introduced bill would require VSP to conduct annual NICS searches for all concealed handgun permit holders whereas the proposed substitute would only require VSP to conduct NICS searches for new and renewing applicants. The fiscal impact resulting from the proposed substitute is expected to be fully offset by the increase in fee revenue that VSP could collect under the bill.

An explanation of the JLARC staff review is included on the pages that follow.

Authorized for release:



Hal E. Greer, Director

Bill summary: HB 2029 would require Virginia State Police (VSP) to initiate a search of the National Instant Criminal Background Check System (NICS) as part of the background investigation process for a concealed handgun permit application. The bill modifies the fees paid by applicants for the background investigation and processing of the application. The bill also provides that a background check is not required to purchase a firearm if the purchaser presents a valid concealed handgun permit and a photo ID issued by an agency of the Commonwealth or the Department of Defense. The introduced version of HB 2029 would require VSP to conduct annual NICS searches of all concealed handgun permit holders. However, a proposed substitute bill would require VSP to conduct NICS searches for new and renewing permit applicants.

Discussion of fiscal implications:

The Department of Planning and Budget (DPB) fiscal impact statement (FIS) estimates a cost of approximately \$1.2 million (GF) in FY 2016 and \$0.6 (GF) million annually thereafter for the introduced version of HB 2029. The FY 2016 cost reflects systems modifications VSP indicates would be required to conduct annual NICS searches for all concealed handgun permit holders (approximately 400,000 as of January 2015). The annual cost for FY 2017 and future years would fund eight additional positions that VSP indicates would be required to conduct the annual NICS search for all concealed handgun permit holders. The DPB FIS indicates that HB 2029 would generate \$175,145 (GF) in revenue annually resulting from the \$5 increase (from \$5 to \$10) in the fee for VSP background checks for concealed handgun permit applications, as authorized by the bill.

At the request of the Committee Chairman, JLARC staff reviewed the costs of the proposed substitute bill. The proposed substitute would result in a lower cost compared to the introduced version of HB 2029. JLARC staff also estimate a larger increase in revenue. The revenue increase is expected to offset the increased expenditures that would occur under the proposed substitute.

Fiscal Year	Estimated GF Expenditure Impact	Positions	Revenue Increase (General Fund)
2015	\$0	0	\$0
2016	263,220	4	(370,000)
2017	256,820	4	(370,000)
2018	256,820	4	(370,000)

The proposed substitute removes the requirement that VSP conduct an annual NICS search for all concealed handgun permit holders. Under the proposed substitute, VSP would only need to conduct a NICS search for new permit applications or renewals of permits that have expired. (Concealed handgun permits are valid for five years.) From 2012-2014, there was an average of approximately 74,000 concealed handgun permits issued annually to Virginia residents. VSP already conducts NICS searches for non-Virginia resident applicants for concealed handgun permits. Therefore, VSP has the IT capability to conduct NICS searches for resident applicants, and no systems modifications (and resulting costs) would be required.

VSP indicates that an additional four positions at a cost of approximately \$260,000 annually would be required to conduct additional NICS searches for concealed handgun permit applications from Virginia residents. (VSP did not provide cost estimates for FY 2018, but JLARC staff assumed the same costs as for FY 2017.) This estimate appears reasonable because VSP staff will be required to follow-up on NICS searches that produce a criminal history.

As part of its estimate for the proposed substitute, VSP also estimates approximately \$269,000 annually in postage costs to mail the results of the NICS searches to the circuit court. JLARC staff did not include the postage costs in its estimate. Postage costs were not included in the FIS for the introduced bill, which would have required many more NICS searches and transmission of information.

JLARC staff estimate that the additional revenue resulting from the \$5 increase in the VSP background check fee would be approximate \$370,000 (GF) annually. This increase is expected to fully offset the increase in VSP costs discussed above. The JLARC staff estimate of increased revenue is higher than the estimate in the FIS because the FIS estimate appears to only include new concealed handgun permit applicants (approximately 35,000 annually). According to VSP, the fee increase would apply to both new and renewing applicants (approximately 74,000 annually).

JLARC staff concur with the DPB FIS that there is no fiscal impact anticipated on the courts due to HB 2029. JLARC staff also concur with the Virginia Criminal Sentencing Commission FIS that that there would be no increase in cost at state adult correctional facilities or Department of Juvenile Justice facilities.

Budget amendment necessary? A budget amendment for VSP may be necessary to reflect the additional positions needed under the bill. However, these costs are expected to be fully offset by the increase in fee revenue.

Agencies affected: Virginia State Police, Virginia courts, and local law enforcement agencies.

Prepared by: Kimberly Sarte

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