

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6710
BILL NUMBER: HB 1232

NOTE PREPARED: Dec 21, 2020
BILL AMENDED:

SUBJECT: Right to Carry a Handgun.

FIRST AUTHOR: Rep. Prescott
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Repeal of Handgun Carry License*– The bill repeals the law that requires a person to obtain a license to carry a handgun in Indiana. The bill specifies that certain persons who are not otherwise prohibited from carrying or possessing a handgun are not required to obtain or possess a license or permit from the state to carry a handgun in Indiana.

Criminal Penalties– The bill prohibits certain individuals from knowingly or intentionally carrying a handgun. The bill creates the crime of "unlawful carrying of a handgun". The bill provides that a prohibited person who knowingly or intentionally carries a handgun commits a Class A misdemeanor. The bill specifies that the unlawful carrying of a handgun is a Level 4 felony when a person: (1) is less than 21 years of age; and (2) has an adjudication as a delinquent child for an act described by IC 35-47-4-5 (unlawful possession of a firearm by a serious violent felon).

Reciprocity– The bill allows a resident of Indiana who wishes to carry a firearm in another state under a reciprocity agreement entered into by Indiana and the other state to obtain from the Superintendent of the State Police Department a reciprocity license. The bill requires law enforcement agencies to make use of certain data bases when issuing reciprocity licenses. The bill makes conforming amendments.

Effective Date: July 1, 2021.

Explanation of State Expenditures: *Indiana State Police (ISP)*- Elimination of the handgun license would relieve the Indiana State Police (ISP) from reviewing and maintaining handgun license applications and records. However, the ISP would be involved in the processing of reciprocity licenses. The ISP has civilian record keepers that handle the administration of handgun licensing as part of the ISP's Records Division. The

total annual salary and benefits for these ISP employees are estimated to be \$272,000 in FY 2022 and \$281,000 in FY 2023. The ISP could terminate these positions or reassign them to other duties. Any personnel savings would depend on future administrative actions, and the resources required to administer reciprocity license applications.

Excess Handgun License Fee Fund- When annual revenues from handgun licensing exceed \$1.1 M, the remaining revenue is transferred from the state General Fund into the Excess Handgun License Fee Fund (Excess Fund). Proceeds in the Excess Fund, subject to appropriation and allotment, are used to finance the operational costs of the ISP's Records Division. In order to maintain the operation of their Records Division, the ISP may have to reallocate existing funding from other sources or seek new funding. [The ISP's Records Division maintains data on criminal history records, fingerprint identification, firearms licensing, and vehicle crash records. The Excess Fund had expenditures of \$4.2 M during FY 2020.]

HEA 1001-2019 terminated appropriations to the Excess Fund on July 1, 2019. Any remaining Excess Fund balance from excess handgun license fees will be transferred to the state General Fund on June 30, 2021.

Reciprocity Licenses- The ISP may require their firearms licensing processing system to be modified slightly to change the printing on handgun licenses to show "Reciprocity" on the license. Expenditures needed to make these changes would likely not be significant.

Criminal Penalties- The bill would introduce two new criminal penalties: a Class A misdemeanor and a Level 4 felony. A Level 4 felony is punishable by a prison term ranging from 2 to 12 years, with an advisory sentence of 6 years. The sentence depends on mitigating and aggravating circumstances. Assuming offenders can be housed in existing facilities with no additional staff, the marginal cost for medical care, food, and clothing is approximately \$3,524 annually, or \$9.66 daily, per prisoner. However, any additional expenditures are likely to be small.

A Level 6 felony would also be eliminated. The felony currently applies to persons that attempt to use a false, counterfeit, spurious, or altered handgun-carrying license to obtain a handgun. The repeal of this felony would likely minimally impact the number of annual DOC commitments.

Explanation of State Revenues: Summary- The estimated revenue loss from the elimination of the handgun license is \$5.2 M in FY 2022 and \$5.3 M in FY 2023. Handgun license revenue is deposited in the state General Fund. In addition, the revenues from producing duplicate reciprocity licenses are indeterminable, but would likely be minimal.

Reciprocity Licenses- Under the bill, there would be no state fees associated with a reciprocity license, either the 5-year or lifetime type. However, the ISP would be able to charge a \$20 fee per duplicate produced in case of a lost or damaged license. Duplicate license revenue would be placed in the state General Fund.

Criminal Penalties- Several Class A and Class B misdemeanor provisions would be repealed as a result of the bill. If fewer court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would decrease. The maximum fine for a Class A misdemeanor is \$5,000 and \$1,000 for a Class B misdemeanor.

However, the bill adds a Level 4 felony and a Class A misdemeanor. The maximum fine for a Level 4 felony is \$10,000 and, the maximum fine for a Class A misdemeanor is \$5,000.

The net impact to the Common School Fund (from criminal fines) and the state General Fund (from court fees) of several penalties being repealed and added is indeterminable, but likely small.

Explanation of Local Expenditures: *Criminal Penalties*– The repeal of several of the misdemeanor penalties in current handgun license law could reduce the number of persons held in county jails. However, the addition of two additional penalties and given that many handgun license offenses are secondary offenses, any net change in persons held in county jails awaiting trial is indeterminable, but would likely be small. A Class A misdemeanor is punishable by up to one year in jail. A Class B misdemeanor is punishable by up to 180 days in jail.

Explanation of Local Revenues: *Handgun Licenses* -When a person applies for a handgun license, local fees are assessed along with the state fees. It is estimated that local law enforcement agencies would lose an estimated \$1.6 M in CY 2021, \$3.4 M in CY 2022, and \$3.5 M in CY 2023 from the elimination of the handgun license. The local share of handgun license fees is placed into the law enforcement agency's firearms training fund or a similarly appropriate fund.

Reciprocity Licenses- Counties would be able to charge the same local fees for the current handgun license for reciprocity licenses. The amount of revenue that reciprocity licenses could generate is indeterminable, but likely to be considerably less than the current handgun license.

There are several states with reciprocity agreements to accept valid Indiana handgun licenses. Many of these states do not track Indiana residents nor check their handgun licenses when visiting, unless there would be legal reason to do so. Therefore, it is not possible to determine an estimated universe of persons that might apply for the proposed reciprocity license.

Criminal Penalties– Any change in revenue from court fees is indeterminable, but likely to be minimal. There were 396 misdemeanor cases disposed by courts for a violation of the handgun licensing statute as the primary offense during FY 2019.

State Agencies Affected: Indiana State Police; Department of Correction.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Indiana State Police: Handgun License Applications and Denials Data; Misdemeanor Abstracts of Judgment; State Staffing Reports.

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