

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



CORRECTED
FISCAL MEMORANDUM

HB 578 - SB 1121

February 21, 2023

SUMMARY OF BILL AS AMENDED (004022): Removes the application fee for an enhanced handgun permit. Reduces, from \$300 to \$200, the application fee for a lifetime enhanced handgun permit. Eliminates the portions of the application fee for enhanced and lifetime enhanced handgun permits that are distributed to the Tennessee Bureau of Investigation (TBI) and local sheriffs.

Effective January 1, 2024. Repeals January 1, 2027.

FISCAL IMPACT OF BILL AS AMENDED:

Due to an incorrect assumption, the original fiscal estimate, issued on February 19, 2023, was determined to be in error. After accounting for this, the fiscal impact has been corrected as follows:

(CORRECTED)

Decrease State Revenue –

\$471,600/FY23-24/Handgun Permit Division

\$943,100/Each FY24-25 through FY25-26/Handgun Permit Division

\$471,600/FY26-27/Handgun Permit Division

\$101,000/FY23-24/Tennessee Bureau of Investigation

\$202,100/Each FY24-25 through FY25-26/Tennessee Bureau of Investigation

\$101,000/FY26-27/Tennessee Bureau of Investigation

Decrease Local Revenue –

\$101,000/FY23-24

\$202,100/Each FY24-25 through FY25-26

\$101,000/FY26-27

Other Fiscal Impact - To the extent that the required modifications to the Department of Safety's A-List system can be accomplished within available resources provided under the current vendor contract, the proposed legislation will not result in a significant increase in state expenditures. Otherwise, those modifications could result in a one-time increase in state expenditures of up to \$30,000 in FY23-24.

HB 578 - SB 1121 (CORRECTED)

Assumptions for the bill as amended:

- The fees for the classes of enhanced handgun permits are as follows:
 - Enhanced – \$100
 - Lifetime – \$300
 - Upgrade – \$200
- The proposed legislation will eliminate the enhanced application fee and reduce, from \$300 to \$200, or by an amount of \$100 (\$300 - \$200), the fee for a lifetime enhanced permit. The upgrade fee will remain the same.
- Based on information provided by the Department of Safety (DOS), in FY21-22 there was a total of 7,773 applications for an enhanced handgun permit. There was a total of 5,700 applications for a lifetime enhanced handgun permit.
- It is assumed this is the number of applications that could be expected to be received in the future.
- From each enhanced and lifetime enhanced application fee: \$15 is allocated to the applicable sheriff for the purpose of verifying the truthfulness of the applicant's answers; \$15 is allocated to the TBI for updating and maintaining their databases; \$37.15 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 proposed legislation removes the direct allocations of \$15 to sheriffs and \$15 to TBI, or a total of \$30. Therefore, this fiscal analysis assumes that loss of such revenue is a loss of revenue to sheriffs and TBI.
- The decrease in revenue each year to the TBI is estimated to be \$202,095 [(7,773 enhanced + 5,700 lifetime enhanced) x \$15].
- The mandatory decrease in local revenue each year to sheriff's offices is estimated to be \$202,095 [\$15 x (7,773 enhanced + 5,700 lifetime)].
- The proposed legislation does not eliminate the need for background checks. It is assumed that all expenses incurred by the fingerprint vendors, TBI, and FBI will continue to be covered by the DOS. Therefore, DOS will not realize a decrease in expenditures; however, the current funding stream utilized for such expenditures will be impacted and is reflected as a decrease in revenue to the DOS in this fiscal analysis.
- Therefore, the revenue to DOS per permit that is being eliminated is as follows:
 - Enhanced – \$70 (\$100 - \$30 sheriffs and TBI)
 - Lifetime Enhanced – \$70 [(\$100 decrease – \$30 sheriffs and TBI)]
- The decrease in revenue each year to the DOS is thus estimated to be \$1,513,110 as follows:
 - Enhanced – \$544,110 (7,773 enhanced x \$70) +
 - Lifetime Enhanced – \$399,000 (5,700 lifetime enhanced x \$70)
 - Total = \$943,110
- The DOS's A-List system will require one-time updates to accommodate the proposed changes. It is assumed that these modifications can be accomplished by the vendor under the current contractual agreement without a need for additional expenditures; therefore, any fiscal impact to DOS related to updates is estimated to be not significant.
- However, if the scope of work required by this and other legislation subsequently enacted exhausts the relevant contract provision, the proposed legislation could result in an increase in state expenditures up to \$30,000 in FY23-24.

- Because the proposed legislation has an effective date of January 1, 2024 and a repeal date of January 1, 2027, the resulting impacts will be realized in the second half of FY23-24, the entirety of FY24-25, and FY25-26, and the first half of FY26-27.
- The decreases in state revenue will occur as follows:
 - \$471,555 (\$943,110 x 50%)/FY23-24/Handgun Permit Division
 - \$943,110/Each FY24-25 through FY25-26/Handgun Permit Division
 - \$471,555 (\$1,176,300 x 50%)/FY26-27/Handgun Permit Division
 - \$101,048 (\$202,095 x 50%)/FY23-24/TBI
 - \$202,095/Each FY24-25 through FY25-26/TBI
 - \$101,048 (\$202,095 x 50%)/FY26-27/TBI
- The decrease in local revenue will occur as follows:
 - \$101,048 (\$202,095 x 50%)/FY23-24
 - \$202,095/Each FY24-25 through FY25-26
 - \$101,048 (\$202,095 x 50%)/FY26-27
- State and local revenue related to enhanced and lifetime enhanced handgun permits are assumed to return to their respective current amounts beginning in the second half of FY26-27, following the act's repeal on January 1, 2027.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

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