

**STATE
FISCAL IMPACT**

Drafting Number: LLS 13-0574
Prime Sponsor(s): Rep. Court
 Sen. Heath

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Bill Status: House Finance
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TITLE: CONCERNING REQUIRING THE COLORADO BUREAU OF INVESTIGATION TO RECOUP THE COST OF PERFORMING AN INSTANT CRIMINAL BACKGROUND CHECK PRIOR TO THE TRANSFER OF A FIREARM.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
Cash Funds		
Instant Criminal Background Check Cash Fund	at least \$4,000,000	at least \$4,400,000
State Expenditures		
General Fund	(\$1,386,956)	(\$1,386,956)
Cash Funds		
Instant Criminal Background Check Cash Fund	at least \$4,000,000	at least \$4,400,000
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2013-2014: See the State Appropriations section for details.		
Local Government Impact: None.		

Summary of Legislation

This bill requires the Colorado Bureau of Investigation (CBI) in the Department of Public Safety to charge a fee for performing instant criminal background checks related to the transfer of firearms. The fee may not exceed the direct and indirect costs associated with performing the background checks. The CBI may contract with a public or private entity for services related to the collection of the new fee. All revenue collected will be deposited into the newly created Instant Criminal Background Check Cash Fund and the CBI is authorized to use the moneys in the fund to pay the costs associated with performing background checks and processing appeals.

Background. With the passage of House Bill 94-1276, Colorado established the Statewide Instant Criminal Background Check (Instacheck) System to perform background checks prior to all firearms transfers and process appeals of denials. The CBI is the state's point-of-contact for Instacheck. Between 1994 and 1999, Instacheck was financed through a \$10 fee on each requested background check. From 1999 through 2000, the Federal Bureau of Investigation conducted Colorado background checks. The Instacheck System was reestablished in 2000 and has been

funded by the General Fund since that time. In FY 2012-13, the General Fund appropriation for the Instacheck program was \$1.4 million and 22.0 FTE.

State Revenue

The bill will increase state cash fund revenue by an amount equal to the fee set by the CBI multiplied by the number of background checks performed. It is estimated that approximately 400,000 background checks will be requested in FY 2013-14 and 440,000 in FY 2014-15. It is also estimated that a fee of \$10 for each background check will be sufficient to cover the program's direct and indirect costs, although the amount may need to be adjusted in the future. Table 1 shows potential revenue for different fee levels, assuming 400,000 background checks..

Proposed Fee	Total Fee Impact
\$5	\$2.0 million
\$10	\$4.0 million
\$12	\$4.8 million
\$15	\$6.0 million

State Expenditures

The bill will decrease General Fund expenditures by approximately \$1.4 million and increase cash fund expenditures by at least \$4.0 million in the Department of Public Safety in FY 2013-14 and each year thereafter. The Instacheck program is currently funded through a General Fund appropriation of approximately \$1.4 million and 22.0 FTE each year for background checks and appeals related to firearm transfers. It also receives a cash fund appropriation of approximately \$286,000 and 4.4 FTE per year from fees charged by county sheriffs to perform background checks for concealed handgun permits. The current cash fund appropriation is unaffected by the bill.

The General Fund appropriation is currently used for personal services and operating costs related to the 22.0 FTE within the CBI who have the responsibility of performing searches of the National Instant Criminal Background Check System and other databases prior to approving or denying a firearms transfer. Each technician can process 1,483 background checks per month. The Instacheck Unit also processes appeals for denied firearms transfers. Approximately 2.3 percent of transferees are denied and approximately 54 percent of denials are appealed. Appeals require three hours each to process.

A new fee will be imposed to cover the direct and indirect costs of the current program, as well as costs for establishing a system to collect the fees from transferees, presumably similar to the system used by the CBI for collecting fees for criminal records searches. The fiscal note assumes the fee will be at least \$10, although this amount may need to be adjusted in the future.

Departmental Differences

The Department of Public Safety identified a need to continue its current General Fund appropriation of \$1,386,956 for FY 2013-14 in order to more smoothly transition to cash funding and to account for time to hire a vendor to build a system to collect fees for background checks. The department also identified a need to expand the Instacheck Unit by 21.7 FTE in order to address a current backlog of background check requests and provide administrative support and supervisory functions for the unit, including new leased space to accommodate the new personnel. Additionally, the department reported that computer programming costs would be \$406,000 for modernizing the entire transfer process and \$4,932 each year would be paid for queries to the Colorado Crime Information Center. The fiscal note does not include these costs or the continued General Fund appropriation because they do not appear to be required by the plain language of the bill. Instead, the fiscal note assumes that any new resources required for the existing Instacheck Unit should be addressed through the annual budget process.

State Appropriations

For FY 2013-14, the Department of Public Safety will require a General Fund reduction of \$1,386,956. The Colorado Bureau of Investigation is authorized to spend as necessary from the Instant Criminal Background Check Cash Fund, but it is not clear that this money is continuously appropriated to the department. If not, the department will also require an appropriation of at least \$400,000 from the cash fund.

Departments Contacted

Public Safety