

Colorado Legislative Council Staff Fiscal Note

**FINAL
FISCAL NOTE**

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

Date: May 20, 2013
Bill Status: Signed into Law
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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, AND, IN CONNECTION THEREWITH, MAKING AND REDUCING AN APPROPRIATION.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
Cash Funds		
Instant Criminal Background Check Cash Fund	\$2,475,000	\$2,772,500
State Expenditures		
General Fund	(\$924,637)	(\$1,386,956)
Cash Funds		
Instant Criminal Background Check Cash Fund	\$2,475,000	\$2,772,500
FTE Position Change		
Effective Date: The bill was signed into law by the Governor and took effect on March 20, 2013.		
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 direct costs associated with performing background checks and processing appeals.

Amendments to the bill permit the CBI to continue using General Fund appropriations in FY 2013-14 for background checks for up to six months, or until sufficient money exists in the cash fund to pay for the background checks. Committee amendments also make the cash fund subject to annual appropriation.

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 \$1.5 million and 22.0 FTE. The CBI 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. 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.

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 330,000 background checks will be requested in FY 2013-14 and 363,000 in FY 2014-15. It is also estimated that a fee of \$7.50 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 330,000 background checks..

Proposed Fee	Total Fee Impact
\$5.00	\$1.7 million
\$7.50	\$2.5 million
\$10.00	\$3.3 million
\$12.00	\$4.0 million

State Expenditures

Assuming that the CBI is able to transition to a fully cash-funded program for conducting background checks for firearm transfers within four months, the bill will **decrease General Fund expenditures by approximately \$924,637 and increase cash fund expenditures by an estimated \$2.5 million in the Department of Public Safety in FY 2013-14 and each year thereafter.** The direct costs of the Instacheck program are currently funded through a General Fund appropriation

of \$1,386,956 for background checks and appeals related to firearm transfers. Eight months' worth of direct costs equals \$924,637. Assuming costs of \$7.50 per check and 330,000 background checks per year, the total costs under the bill are estimated to be \$2,475,000 in FY 2013-14. Actual costs may vary with demand.

State Appropriations

For FY 2013-14, the General Fund appropriation to the Department of Public Safety should be reduced by \$924,637. The fiscal note also implies that the department should be appropriated \$2,475,000 from the Instant Criminal Background Check Cash Fund.

As amended, the bill reduces the General Fund appropriation to the Department of Public Safety by \$1,032,376 and increases by the same amount the appropriation from the Instant Criminal Background Check Cash Fund.

Departments Contacted

Public Safety