

Colorado Legislative Council Staff Fiscal Note

**FINAL
FISCAL NOTE**

Drafting Number: LLS 14-0494	Date: May 13, 2014
Prime Sponsor(s): Rep. Wright; Holbert Sen. Grantham	Bill Status: Postponed Indefinitely
	Fiscal Analyst: Hillary Smith (303-866-3277)

SHORT TITLE: CONCEALED HANDGUN CARRY WITHOUT PERMIT

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	<u>up to (\$759,523)</u>	<u>up to (\$759,523)</u>
<i>Revenue Change</i>		
Cash Funds	(759,523)	(759,523)
State Expenditures	up to (\$445,512)	up to (\$468,151)
General Fund		(21,484)
Cash Funds	(421,142)	(421,142)
Centrally Appropriated Costs**	(24,370)	(25,525)
FTE Position Change	up to (3.2) FTE	up to (3.2) FTE
Appropriation Required: (\$421,142) - Department of Public Safety (FY 2014-15).		

* This summary shows changes from current law under the bill for each fiscal year. Parentheses indicate a decrease in funds.

** These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

Summary of Legislation

Current law prohibits carrying a concealed weapon without a permit and carrying a weapon on school, college, or university grounds with certain exceptions. This bill expands the exceptions to include any person who is at least 21 years old and who may legally possess a handgun under United States and Colorado law. Pursuant to the bill, anyone who may legally possess a handgun and who carries a concealed handgun has the same rights and is subject to the same limitations as a concealed handgun permit holder. One such limitation is a prohibition on carrying a concealed handgun in public elementary, middle, or high schools. Unlawfully carrying a concealed weapon is a class 2 misdemeanor and unlawfully carrying a weapon on school, college, or university grounds is a class 6 felony.

State Revenue

The bill is expected to reduce cash fund revenue from criminal fines and from applicant fees. Assuming that applications for new and renewed concealed handgun permits decline by up to 25 percent (15,939 applications), cash fund revenue will decrease by up to \$759,523 annually beginning in FY 2014-15, including \$207,207 for the Instant Criminal Background Check Cash Fund and \$552,316 for the Identification Unit Cash Fund in the Colorado Bureau of Investigation (CBI) within the Department of Public Safety (DPS), \$274,948 of which would have been passed through to the Federal Bureau of Investigation.

Assumptions. Revenue calculations are based on the following assumptions:

- applications for new and renewed concealed handgun permits will decline by up to 25 percent (a reduction of 12,466 new applications and 3,473 renewals) beginning on July 1, 2014, and will remain at this reduced level in future fiscal years; and
- although Colorado residents will no longer need a concealed handgun permit in order to carry a concealed weapon in Colorado, most residents will continue to purchase a concealed handgun permit in Colorado because they are recognized as valid in 31 other states.

Currently, individuals who apply for a new concealed handgun permit must pay a \$52.50 fee to the CBI in the DPS to pay for a background and fingerprint check. Individuals who renew a concealed handgun permit must pay a \$30.25 fee to the CBI. For each new and renewed application, \$13 of the fee goes to the Instant Criminal Background Check Cash Fund and is used to run a background check, and \$17.25 of the fee is passed through to the Federal Bureau of Investigation to run a fingerprint check. For each new application, \$22.25 goes to the Identification Unit Cash Fund and is used to process fingerprints. This fiscal note assumes that revenue from new applications will decline by \$654,465, and revenue from renewed applications will decline by \$105,058.

The bill also has the potential to decrease state cash fund revenue from fines because fewer people can be charged with a criminal offense for carrying a concealed handgun. However, the annual revenue reduction is expected to be minimal. The penalty for a class 2 misdemeanor is 3 to 12 months in a county jail; a fine of \$250 to \$1,000; or both. The penalty for a class 6 felony is 1 year to 18 months in prison; a fine of \$1,000 to \$100,000, or both. Fine revenue that is not otherwise appropriated is deposited into the Fines Collection Cash Fund in the Judicial Department. Because the courts have the discretion of incarceration, imposing a fine, or both, the impact to state revenue cannot be determined, but is anticipated to be minimal.

State Expenditures

Overall, this bill will decrease state expenditures by up to \$445,512 and 3.2 FTE in FY 2014-15 and by up to \$468,151 and 3.2 FTE in FY 2015-16 and each year thereafter. Reductions will be primarily in the Departments of Public Safety and Corrections, and are described below. The workload of the Judicial Branch and the Department of Law may change slightly, but will not require an adjustment in appropriations. Table 1 and the discussion that follows describe the costs of the bill.

Table 1. Department of Public Safety Expenditures Under HB14-1041		
Cost Components	FY 2014-15	FY 2015-16
Personal Services	(\$143,154)	(\$143,154)
FTE	(3.2)	(3.2)
Operating Expenses and Capital Outlay Costs	(3,040)	(3,040)
Cash funds passed through to the Federal Bureau of Investigation	(274,948)	(274,948)
Centrally Appropriated Costs*	(24,370)	(25,525)
TOTAL	(\$445,512)	(\$446,667)

* Centrally appropriated costs are not included in the bill's appropriation.

Assumptions. Reductions in costs are based on the following assumptions:

- applications for new and renewed concealed handgun permits will decline by 25 percent (a reduction of 12,466 new applications and 3,473 renewals) beginning on July 1, 2014, and will remain at this reduced level in future fiscal years;
- one technician at the CBI can process 17,796 background checks per year for concealed handgun permits;
- one fingerprint examiner at the CBI can process 8,240 applications per year;
- one data specialist at the CBI can process 16,573 applications per year;
- most people who are charged with a criminal offense for carrying a handgun are also subject to other charges; and
- any updates needed to higher education policies will be minimal.

Department of Public Safety. Personal services costs in the CBI within the DPS are based on a monthly salary of \$2,688 for a technician II to process background checks, a monthly salary of \$4,001 for a fingerprint examiner II to process fingerprints for new applications, and a monthly salary of \$2,836 for a data specialist to process fingerprints for new applications. It is anticipated that the bill will result in decreased workload for 3.2 FTE, of which 0.9 FTE is a technician II, 1.5 FTE is a fingerprint examiner II, and 0.8 FTE is a data specialist. The reduction of 3.2 FTE will result in a reduction of \$3,040 in operating costs each year.

Assuming that applications for new and renewed concealed handgun permits decline by 25 percent, funds passed through the CBI to the Federal Bureau of Investigation due to the \$17.25 fee charged for each application will decrease by \$274,948 in FY 2014-15 and each year thereafter.

Department of Corrections. This bill is expected to reduce state expenditures in the DOC by \$21,484 in FY 2015-16 and every five years thereafter.

As of December 31, 2013, there were ten offenders serving a prison sentence and three offenders on parole for the class 6 felony of unlawfully carrying a weapon on school, college, or university grounds. All but one of the offenders were convicted of other felony offenses in addition to unlawfully carrying a weapon. In previous years, all offenders sentenced under the class 6 felony of unlawfully carrying a weapon on school, college, or university grounds were convicted of at least one other felony offense. This fiscal note assumes that as a result of the bill, one fewer offender will be convicted of a class 6 felony every five years, resulting in one fewer average length of stay of 11.5 months. This fiscal note also assumes that the impact of this bill will be accommodated through the reduced use of private contract prisons.

Offenders placed in a private contract prison cost the state about \$58.86 per offender per day, including the current daily rate of \$53.74 and an estimated \$5.12 per offender per day for medical care provided by the DOC. No impact is expected in the first year because of the estimated time for criminal filing, trial, disposition, and sentencing. Table 2 shows the estimated reduced cost of the bill over the next five fiscal years.

Table 2. Five-Year Fiscal Impact On Correctional Facilities Under HB14-1041				
Fiscal Year	Inmate Bed Impact	Construction Cost	Operating Cost	Total Cost
FY 2014-15	0.0	\$0	\$0	\$0
FY 2015-16	(1.0)	\$0	(\$21,484)	(\$21,484)
FY 2016-17	0.0	\$0	\$0	\$0
FY 2017-18	0.0	\$0	\$0	\$0
FY 2018-19	0.0	\$0	\$0	\$0
Total	(1.0)	\$0	(\$21,484)	(\$21,484)

Judicial Department. Because fewer people can be charged with a criminal offense for carrying a concealed handgun or carrying a handgun on school grounds, the bill will reduce the trial caseload of the Judicial Department. However, the reduction is expected to be minimal because the majority of individuals who are charged with carrying a concealed weapon or carrying a weapon on school grounds are also subject to other charges.

Higher educational institutions and the Department of Law. If higher educational institutions must update their security and disciplinary policies and procedures as a result of the bill, workload will increase on both the institutions' and the Department of Law's behalf. However, this fiscal note assumes that higher educational institutions and the Department of Law can accomplish this increased workload within existing appropriations.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. This centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 3.

Table 3. Centrally Appropriated Costs Under HB14-1041*		
Cost Components	FY 2014-15	FY 2015-16
Employee Insurance (Health, Life, Dental, and Short-term Disability)	(\$14,429)	(\$14,429)
Supplemental Employee Retirement Payments	(9,941)	(11,096)
TOTAL	(\$24,370)	(\$25,525)

Local Government Impact

The bill will reduce fee revenue and workload for county sheriffs. Currently, individuals who apply for a concealed carry permit pay county sheriffs a fee of no more than \$100 in order to cover any administrative and training costs associated with granting the permit. Individuals who apply to renew a concealed carry permit pay a fee of no more than \$50. Assuming that the number of individuals who apply for or renew concealed carry permits decreases by 25 percent as a result of this bill, fee revenue for county sheriffs will also decrease, as will the workload related to processing applications. The amount of the reduction will vary across counties depending on differences in the decline of applications and in the fees charged by sheriffs, but the overall decline in revenue will be up to \$1,420,250.

The bill has the potential to reduce the number of individuals incarcerated in county jails and the workload of district attorneys. The penalty for a class 2 misdemeanor is 3 to 12 months' imprisonment in a county jail, a fine of \$250 to \$1,000, or both. Because the courts have the discretion of incarceration or imposing a fine, the impact at the local level cannot be determined. The cost to house an offender in county jails varies from \$45 to \$50 per day in smaller rural jails to \$62 to \$65 per day for larger Denver-metro area jails. It is assumed that the impact of this bill will be minimal.

Effective Date

The bill was postponed indefinitely by the House Judiciary Committee on February 4, 2014.

State Appropriations

For FY 2014-15, the Department of Public Safety requires a reduction of \$421,142 cash funds, \$33,253 from the Instant Criminal Background Check Cash Fund and \$387,889 from the Identification Unit Cash Fund, and a reduction of 3.2 FTE.

Departmental Difference

The Department of Public Safety estimates that for FY 2014-15, the bill requires a reduction of \$73,977 cash funds, \$14,779 from the Instant Criminal Background Check Cash Fund and \$59,198 from the Identification Unit Cash Fund, and a reduction of 1.6 FTE. The department believes that the assumption that applications will decline by up to 25 percent is too high, and that a decline of up to 10 percent is more likely. The department believes that 10 percent is a more accurate estimate of the decline because Colorado concealed handgun permits are recognized as valid in 31 other states, and this fact will lead most applicants to continue to apply for and renew permits in Colorado. While staff agrees that most applicants will continue to apply for and renew permits in Colorado for reciprocity reasons, it is assumed that the decline in applications will be closer to 25 percent because this proportion of applicants will want to avoid the time associated with and cost of applying for and renewing permits (up to \$152.50 for a first permit and up to \$80.25 for a renewal), despite the loss of reciprocity.

State and Local Government Contacts

Corrections
Law
Education
Public Safety

Judicial
District Attorneys
Municipalities
Human Services

Counties
Local Affairs
Higher Education
Sheriffs