

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2017

Legislative Fiscal Note

BILL NUMBER: House Bill 201 (First Edition)

SHORT TITLE: NC Constitutional Carry Act.

SPONSOR(S): Representative Millis

FISCAL IMPACT					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
State Impact	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
General Fund Revenues:	(\$2,669,759)	(\$4,576,729)	(\$4,576,729)	(\$4,576,729)	(\$4,576,729)
General Fund Expenditures:	(\$2,178,299)	(\$3,734,227)	(\$3,734,227)	(\$3,734,227)	(\$3,734,227)
State Positions:					
NET STATE IMPACT	(\$491,460)	(\$842,502)	(\$842,502)	(\$842,502)	(\$842,502)
Local Impact					
Revenues:	(\$2,104,787)	(\$3,608,206)	(\$3,608,206)	(\$3,608,206)	(\$3,608,206)
Expenditures:					
NET LOCAL IMPACT	(\$2,104,787)	(\$3,608,206)	(\$3,608,206)	(\$3,608,206)	(\$3,608,206)
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
Department of Public Safety, State Bureau of Investigation; local sheriffs' offices					
EFFECTIVE DATE: December 1, 2017					
TECHNICAL CONSIDERATIONS:					
None					

BILL SUMMARY:

This bill eliminates the permitting requirement for purchasing a pistol or carrying a concealed handgun and makes other technical and conforming changes.

Note: This bill contains changes to criminal penalties that may have an impact on the courts and the prisons. Those changes will be evaluated in a separate incarceration note prepared in conjunction with the NC Sentencing and Policy Advisory Committee.

ASSUMPTIONS AND METHODOLOGY:

Current law requires a permit for people to carry a concealed handgun. Applications are made at the local sheriffs' office. The cost for the permit is \$80 initially, and then \$75 to renew. The sheriffs' office sends \$45 of the initial permit fee and \$40 of the renewal fee to the Department of Public Safety, State Bureau of Investigation (SBI) for background checks. The local sheriff retains the remaining \$35.

The SBI has provided the number of concealed carry permit applications each year for the past four fiscal years.

Fiscal Year	New Permit Applications	Renewal Applications	Total	Fee Revenue
FY 2012-13	89,074	24,949	114,023	\$5,065,495
FY 2013-14	72,023	52,957	124,980	\$5,062,095
FY 2014-15	62,029	36,847	98,876	\$4,458,832
FY 2015-16	92,000	41,000	133,000	\$5,761,415
Average	78,782	38,938	117,720	\$5,086,959

The SBI uses the funds to support 23.25 FTE who handle background checks. The FY 2016-17 certified budget for the concealed carry permit section is \$4,244,457, including salaries and benefits for personnel and \$1.7 million in FBI background check fees. Any receipts collected over the budgeted amount typically revert to the General Fund. However, S.L. 2015-241, 2015 Appropriations Act, authorized the use of up to \$3 million in overrealized receipts in the FY 2015-17 biennium to upgrade the Statewide Automated Fingerprint Identification System (SAFIS).

To estimate the impact of the bill, Fiscal Research took the previous four year actual revenue collections and averaged them. The four year average State revenue is \$5,379,282. The four year average number of applications is 117,720 (78,782 new and 38,938 renewals).

Sheriffs retain \$35 of the permit fee. The statute states that the funds shall be used by the sheriff to pay the costs of administering the permits and for other law enforcement purposes. Although there is no centralized database showing the permit revenue for local sheriffs, Fiscal Research can estimate the amount generated by multiplying \$35 (the sheriffs' portion of the application fee) times the total number of applications. The table below shows the estimated amount generated each year using the applicant data from the SBI.

Est. Local Permit Fee Revenue		
Fiscal Year	Total Applicants	Fee Revenue
FY 2012-13	114,023	\$3,990,805
FY 2013-14	124,980	\$4,374,300
FY 2014-15	98,876	\$3,460,660
FY 2015-16	133,000	\$4,655,000
Average	117,720	\$4,120,191

The bill allows some people to continue to obtain a concealed carry permit if they want one for reciprocity purposes in other states. It also requires certain categories of people who, by virtue of their position, are allowed to carry concealed in places where concealed carry would otherwise be prohibited, to continue to obtain a permit. It is not known how many people would choose or be required to continue to obtain a permit. For the purposes of this note, Fiscal Research is assuming approximately 10 percent of new applicants and 10 percent of current applicants would choose to get a permit. To the extent that number is incorrect, this estimate may be overstated.

If 10 percent of new applicants choose to get a permit, 7,878 applications would be submitted, generating \$354,510 (7,878 times \$45 fee) for the SBI and \$275,730 (7,878 times \$35 fee) for local sheriffs. If 10

percent of renewals choose to get a permit, 3,893 applications would be submitted, generating \$155,720 (3,893 times \$40 fee) for the SBI and \$136,255 (3,893 times \$35 fee) for the local sheriffs.

Total receipts collected (\$510,230) would be used to support the SBI concealed carry permit section at reduced staffing levels, reducing the budget requirements for that section from \$4,244,457 to \$510,230, a reduction of \$3,734,227.

Based on current average collection amounts, this would be a loss of \$4,576,729 (\$5,086,959 average actual revenue minus \$354,510 new application fee minus \$155,720 renewal fee) for the State General Fund. Local sheriffs' revenue would be reduced by \$3,608,206 (\$4,120,191 estimated revenue minus \$275,730 new application fee minus \$136,255 renewal fee). The first year of the fiscal note estimate has been adjusted to account for the December 1, 2017 effective date.

Section 17 of the bill repeals pistol permit requirements, including the \$5 fee for a pistol permit in G.S. 14-404. Those fees are retained by the local sheriffs' offices. It is not known how much revenue is generated by this fee, so Fiscal Research cannot estimate the fiscal impact of this section of the bill.

SOURCES OF DATA:

TECHNICAL CONSIDERATIONS: None

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DATE: April 21, 2017



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