

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 7, 2017

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB16 by Nichols (Relating to decreasing the fee for the issuance of an original or renewed license to carry a handgun.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB16, As Passed 2nd House: a negative impact of (\$22,367,000) through the biennium ending August 31, 2019.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2018	(\$12,781,000)
2019	(\$9,586,000)
2020	(\$14,236,000)
2021	(\$9,586,000)
2022	(\$12,781,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund
	1
2018	(\$12,781,000)
2019	(\$9,586,000)
2020	(\$14,236,000)
2021	(\$9,586,000)
2022	(\$12,781,000)

Fiscal Analysis

The bill would amend the Government Code to reduce the fees for the issuance of an original, duplicate, modified, or renewed license to carry (LTC) a handgun.

The bill would set the fee for an original and renewal LTC at \$40, paid to the Department of Public

Safety (DPS). The bill would also set the application and license fee for an applicant who is certified as a qualified handgun instructor at \$40, in addition to the instructor training fee. The bill would also reduce certain fees if the department determines that an applicant is indigent or a senior citizen. The bill would set the application and license fee for an applicant who is a judicial officer at \$25. The bill would also require DPS to waive any fee required to obtain an LTC for an applicant who is a peace officer.

The bill would take effect on September 1, 2017.

Methodology

DPS reports that the total number of original and renewal LTC applications have increased from 155,932 applications in fiscal year 2011 to 386,397 applications in fiscal year 2016. The average rate of growth over these years is 23 percent. This analysis assumes the number of applicants for an original and renewal LTC would total 308,064 in fiscal year 2018 and 316,959 in fiscal year 2019.

DPS reports the per-applicant cost to administer the LTC program totals \$27, which accounts for background checks required by the Federal Bureau of Investigation and the State. DPS also reports that the cost of these background checks are paid for by an applicant's LTC application fee. The remaining portion of each application fee is deposited into General Revenue Fund 01.

This analysis assumes that since an applicant's standard original or renewal application fee of \$40 for an LTC application would cover the \$27 cost to administer the program, there would not be a cost to DPS for the issuance of a standard original or renewal LTC. This analysis also assumes that since the bill would eliminate the fee for an applicant for an LTC who is a peace officer, DPS would incur a cost to its General Revenue Funds to pay for the program for these applicants. This analysis assumes the administrative costs and duties to implement the provisions of the bill could be absorbed within existing resources.

The Comptroller of Public Accounts (CPA) estimates that the revenue loss from the reduced nonrefundable application and license fee, renewal fee, indigent and senior citizen original and renewal fees, and certified instructor application and license fee would amount to approximately 43 percent of the total estimate for Object Code 3126, LTC fees in the 2018-19 Biennial Revenue Estimate. The CPA also reports that the provision for waiving licensing fees for active peace officers would have a revenue loss of approximately 1 percent from the total estimate for Revenue Object Code 3126, LTC fees in the 2018-19 Biennial Revenue Estimate.

The CPA estimates a loss of \$12.8 million in fiscal year 2018 and \$9.6 million in fiscal year 2019 to General Revenue Fund 01.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 405 Department of Public Safety

LBB Staff: UP, FR, AG, AI